The following is the text of a report received from the Company's reporting accountants, Deloitte Touche Tohmatsu, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sponsor pursuant to the requirements of Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.

Deloitte.
德勤

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Hong Kong

[●][Date]

The Directors
World-Link Logistics (Asia) Holding Limited
Octal Capital Limited

Dear Sirs,

We set out below our report on the financial information relating to World-Link Logistics (Asia) Holding Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") for each of the two years ended 31 December 2014 and six months ended 30 June 2015 (the "**Track Record Period**") (the "**Financial Information**") for inclusion in this document of the Company dated [●] (the "**Document**") in connection with the proposed **[REDACTED]** of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 27 July 2015. Through a group reorganisation, as fully explained in the section "History, Reorganisation and Corporate Structure" in the Document (the "**Reorganisation**"), the Company became the holding company of the Group on [●].

At the date of this report, the Company has the following subsidiaries:

Name of subsidiary	Place and date of incorporation	Place of operation	Issued and fully paid share capital	Equity interest attributable to the Group as at 31 December 2013	31 December 2014	30 June 2015	Date of this report	Principal activities	Form of company
Real Runner Limited* ("**Real Runner**")	British Virgin Islands ("**BVI**") 29 May 2015	Hong Kong	US$1,000	N/A	N/A	100%	[100%]	Investment holding	Limited liability
World-Link Roadway System Company Limited ("**World-Link Roadway**")	Hong Kong 3 August 1990	Hong Kong	HK$10,000	100%	100%	100%	[100%]	Provision of warehousing, transportation and value-added services	Limited liability
World-Link Packing House Company Limited ("**World-Link Packing**")	Hong Kong 14 November 1995	Hong Kong	HK$100	100%	100%	100%	[100%]	Provision of customisation services	Limited liability

[* Directly held by the Company]

All companies comprising the Group has adopted 31 December as their financial year end date.

The statutory financial statements of subsidiaries incorporated in Hong Kong for the year ended 31 December 2014 were prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and were audited by Deloitte Touche Tohmatsu, Certified Public Accountants.

The statutory financial statements of the subsidiaries incorporated in Hong Kong for the year ended 31 December 2013 were prepared in accordance with the Small and Medium-sized Entity Financial Reporting Standard issued by HKICPA and were audited by S.F. Kwok & Co., Certified Public Accountants registered in Hong Kong.

No audited financial statements have been prepared for the Company and its subsidiary incorporated in the BVI since their respective dates of incorporation as they were incorporated in jurisdictions where there are no statutory audit requirements. For the purpose of this report, we have, however, reviewed all the relevant transactions of the Company and its subsidiary since their respective date of incorporation and carried out such procedures as we considered necessary for inclusion in the Financial Information of the Group.

For the purpose of this report, the directors of the World-Link Roadway and World-Link Packing, respectively, have prepared the financial statements of World-Link Roadway and World-Link Packing for the Track Record Period in accordance with the accounting policies which conform with HKFRSs issued by the HKICPA (together with the management account of Real Runner for the period from date of incorporation to 30 June 2015 are hereinafter referred to as the "**Underlying Financial Statements**"). We have undertaken an independent audit of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA. We have also examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of the Group for the Track Record Period set out in this report has been prepared from the Underlying Financial Statements on the basis set out in note 1 of the Section A below. Adjustments have been made to the Underlying Financial Statements in preparing our report for inclusion in the Document. The Underlying Financial Statements are the responsibility of the directors of the relevant companies who approved their issue. The directors of the Company are responsible for the contents of the Document in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

[In our opinion, on the basis of presentation set out in note 1 of the Section A below, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of the Group as at 31 December 2013 and 2014 and 30 June 2015 and of the financial performance and cash flows of the Group for the Track Record Period.]

[The comparative combined statement of profit or loss and other comprehensive income, combined statement of changes in equity and combined statement of cash flows of the Group for the six months ended 30 June 2014 together with the notes thereon have been extracted from the Group's unaudited combined financial information for the same period (the "June 2014 Financial Information") which was prepared by the directors of the Company solely for the purpose of this report. We conducted our review of the June 2014 Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review of the June 2014 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the June 2014 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the June 2014 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRSs.]

A. FINANCIAL INFORMATION

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		Six months ended 30 June	
	NOTES	**2013**	**2014**	**2014**	**2015**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Revenue	*5*	135,694	134,812	68,856	57,493
Other income		11	23	5	83
Employee benefits expenses		(37,807)	(36,986)	(18,765)	(16,109)
Depreciation of property, plant and equipment		(2,328)	(2,072)	(1,082)	(979)
Operating lease rentals in respect of rented premises		(24,118)	(31,450)	(14,584)	(17,039)
Sub-contracting expenses		(24,958)	(25,412)	(12,250)	(10,730)
Operating lease rentals in respect of plant, machinery and equipment		(877)	(1,326)	(613)	(814)
Interest expense on bank borrowings wholly repayable within five years		(61)	–	–	–
[REDACTED] expenses		–	–	–	**[REDACTED]**
Other expenses		(11,635)	(12,496)	(6,490)	(5,220)
Profit before taxation		33,921	25,093	15,077	3,294
Income tax expenses	*7*	(5,801)	(3,677)	(2,031)	(1,104)
Total profit and comprehensive income for the year/period	*8*	28,120	21,416	13,046	2,190

COMBINED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		As at 30 June
	NOTES	**2013**	**2014**	**2015**
		HK$'000	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*12*	4,959	3,341	2,719
Rental deposits	*13*	5,525	5,639	5,710
Deferred tax assets	*14*	–	650	751
		10,484	9,630	9,180
CURRENT ASSETS				
Trade and other receivables	*15*	33,845	36,086	28,835
Tax recoverable		–	1,494	818
Bank balances and cash	*16*	22,432	10,240	11,975
		56,277	47,820	41,628
CURRENT LIABILITIES				
Trade and other payables and accrued expenses	*17*	5,672	3,691	4,027
Amounts due to directors	*18*	57,694	30,136	20,338
Tax payable		1,310	–	529
		64,676	33,827	24,894
NET CURRENT (LIABILITIES) ASSETS		(8,399)	13,993	16,734
TOTAL ASSETS LESS CURRENT LIABILITIES		2,085	23,623	25,914
NON-CURRENT LIABILITY				
Provision for long service payments		510	632	725
NET ASSETS		1,575	22,991	25,189
CAPITAL AND RESERVE				
Share capital	*19*	10	10	18
Retained profits		1,565	22,981	25,171
TOTAL EQUITY		1,575	22,991	25,189

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2013	10	1,445	1,455
Total profit and other comprehensive income for the year	–	28,120	28,120
Interim dividend to the shareholders	–	(28,000)	(28,000)
At 31 December 2013	10	1,565	1,575
Total profit and other comprehensive income for the year	–	21,416	21,416
At 31 December 2014	10	22,981	22,991
Issue of shares	8	–	8
Total profit and other comprehensive income for the period	–	2,190	2,190
At 30 June 2015	18	25,171	25,189
For the six months ended 30 June 2014 (unaudited)			
At 1 January 2014	10	1,565	1,575
Total profit and other comprehensive income for the period	–	13,046	13,046
At 30 June 2014	10	14,611	14,621

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 December		Six months ended 30 June	
	2013	**2014**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)
OPERATING ACTIVITIES				
Profit before tax	33,921	25,093	15,077	3,294
Adjustments for:				
Depreciation of property, plant and equipment	2,328	2,072	1,082	979
Bank interest income	(11)	(23)	(5)	(11)
Interest expense	61	–	–	–
Operating cash flows before movements in working capital	36,299	27,142	16,154	4,262
Increase in rental deposits	(2,346)	(114)	–	(70)
(Increase) decrease in trade and other receivables	(2,676)	(2,241)	1,021	7,251
Increase (decrease) in trade and other payables and accrued expenses	1,096	(1,859)	(2,107)	428
Decrease (increase) in amounts due to directors	181	411	(12)	202
Cash generated from operations	32,554	23,339	15,056	12,073
Income tax paid	(6,806)	(7,131)	–	–
NET CASH FROM OPERATING ACTIVITIES	25,748	16,208	15,056	12,073
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(1,168)	(455)	(237)	(357)
Proceeds from disposal of property, plant and equipment	–	1	–	–
Interest received	11	23	5	11
NET CASH USED IN INVESTING ACTIVITIES	(1,157)	(431)	(232)	(346)
FINANCING ACTIVITIES				
Repayment of amounts due to directors	(10,592)	(27,969)	(15,405)	(10,000)
Repayment of bank borrowings	(3,556)	–	–	–
Interest paid	(61)	–	–	–
Issue of shares	–	–	–	8
NET CASH USED IN FINANCING ACTIVITIES	(14,209)	(27,969)	(15,405)	(9,992)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,382	(12,192)	(581)	1,735
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	12,050	22,432	22,432	10,240
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD, represented by bank balances and cash	22,432	10,240	21,851	11,975

NOTES TO THE FINANCIAL INFORMATION

1. GROUP REORGANISATION AND BASIS OF PRESENTATION OF FINANCIAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 27 July 2015 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office and the principal place of business is disclosed in the section "Corporate Information" in the **[REDACTED]**.

The companies now comprising the Group underwent a series of reorganisation. Prior to the Group Reorganisation, the companies comprising the Group were ultimately controlled by three indvidiuals, namely Mr. Yeung Kwong Fat ("**Mr. Yeung**"), Mr. Lee Kam Hung ("**Mr. Lee**") and Mr. Luk Yau Chi Desmond ("**Mr. Luk**") (collectively referred to as the "**Individual Shareholders**"). The companies now comprising the Group were beneficially and wholly owned by the Individual Shareholders collectively. On 15 July 2015, Real Runner acquired the shares of World-Link Roadway and World-Link Packing from Mr. Yeung, Mr. Lee and a company owned by Mr. Luk. After the said transfers, World-Link Roadway and World-Link Packing become a wholly-owned subsidiary of Real Runner.

Pursuant to the Reorganisation, which was completed by interspersing the Company between the Individual Shareholders and Real Runner, the Company became the holding company of the companies now comprising the Group on [●]. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the Financial Information has been prepared as if the Company had always been the holding company of the Group.

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the Track Record Period have been prepared to present the results and cash flows of the companies now comprising the Group, as if the group structure upon the completion of the Reorganisation had been in existence throughout the Track Record Period. The combined statements of financial position of the Group as at 31 December 2013, 31 December 2014 and 30 June 2015 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates.

The Financial Information is presented in Hong Kong dollars ("**HK$**"), which is same as the functional currency of the Company.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Financial Information for the Track Record Period, the Group has consistently adopted the HKFRSs, Hong Kong Accounting Standards ("**HKASs**"), amendments and interpretations issued by the HKICPA which are effective for the accounting periods beginning on 1 January 2015 throughout the Track Record Period.

At the date of this report, HKICPA has issued the following new standards and amendments that are not yet effective. The Group has not early adopted these standards and amendments.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
HKFRS 9	Financial Instruments[4]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[3]

1 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018

The directors of the Company anticipate that the application of these new standards and amendments will have no material impact on the Financial Information of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with accounting policies which conform with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared on the historical cost basis as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for services rendered.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristic of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purpose, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are as follows:

Basis of combination

The Financial Information incorporates the financial statements of the entities comprising the Group. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the combined statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non- controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

Merger accounting for business combination involving entities under common control

The Financial Information incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of 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 continuation of the controlling party's interest.

The combined statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented 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.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts.

Revenue from service income is recognised when the services are delivered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

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.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from "profit before taxation" as reported in the combined statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realised or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

Retirement benefit costs

Payments to the retirement contribution scheme and Mandatory Provident Fund Scheme ("MPF Scheme") are charged as an expense when employees have rendered service entitling them to the contributions.

Provision for long service payments are recognised as an expense when employees have rendered services entitling them upon their retirement. The amount recognised represents the difference between the statutory requirement entitling the employees and the contributions made to the retirement contribution scheme/MPF Scheme. The amount is reviewed on an annual basis and adjusted as appropriate.

Property, plant and equipment

Property, plant and equipment are stated in the combined statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income/expense is recognised on an effective interest basis.

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment of loans and receivables could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the respective credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For loans and receivables, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the loans and receivables is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the loans and receivables at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including trade and other payables and amounts due to directors) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognised a financial asset only when the contractual rights to the cash flows from the assets expire or, when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognised financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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 a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the following twelve months.

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimated future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2013 and 2014 and 30 June 2015, the carrying amount of trade receivables is approximately HK$32,207,000 and HK$34,665,000 and HK$26,575,000, respectively. No impairment loss on trade receivables was recognised during the Track Record Period.

5. REVENUE

	Year ended 31 December		**Six months ended 30 June**	
	2013	**2014**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Warehousing services income	49,605	53,524	27,588	27,003
Transportation services income	30,344	32,386	15,900	14,786
Customisation services income	43,657	39,313	20,438	12,134
Value-added services income	12,088	9,589	4,930	3,570
	135,694	134,812	68,856	57,493

6. SEGMENT INFORMATION

The Group's operating segments are determined based on information reported to the chief operating decision maker of the Group (the directors of the Company who are also directors of all operating subsidiaries) (the "CODM"), for the purpose of resource allocation and performance assessment. The directors regularly review revenue and results analysis by (i) Logistic solutions business and (ii) Customisation services. No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments.

For the year ended 31 December 2013

	Logistics solutions business	**Customisation services**	**Segment total**	**Eliminations**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue					
External sales	98,918	45,176	144,094	(8,400)	135,694
Results					
Segment results	15,726	18,195			33,921
Profit before taxation					33,921

For the year ended 31 December 2014

	Logistics solutions business	**Customisation services**	**Segment total**	**Eliminations**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue					
External sales	104,652	39,760	144,412	(9,600)	134,812
Results					
Segment results	13,243	11,850			25,093
Profit before taxation					25,093

For the six months ended 30 June 2014 (unaudited)

	Logistics solutions business *HK$'000*	Customisation services *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Revenue					
External sales	52,963	20,693	73,656	(4,800)	68,856
Total segment revenue					
Results					
Segment results	8,979	6,098			15,077
Profit before taxation					15,077

For the six months ended 30 June 2015

	Logistics solutions business *HK$'000*	Customisation services *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Revenue					
External sales	49,363	12,330	61,693	(4,200)	57,493
Total segment revenue					
Results					
Segment results	5,390	1,295			6,685
[REDACTED] expenses					**[REDACTED]**
Profit before taxation					3,294

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represents profit earned from each segment without allocation of **[REDACTED]** expenses. This is the measure reported to the chief operating decision maker of the Group for the purpose of resource allocation and performance assessment.

Other segment information

For the year ended 31 December 2013

	Logistics solutions business *HK$'000*	Customisation services *HK$'000*	Segment total *HK$'000*
Additions to non-current assets	3,444	70	3,514
Depreciation of property, plant and equipment included in the measure of segment results	1,858	470	2,328

For the year ended 31 December 2014

	Logistics solutions business *HK$'000*	**Customisation services** *HK$'000*	**Segment total** *HK$'000*
Additions to non-current assets	495	74	569
Depreciation of property, plant and equipment included in the measure of segment results	1,579	493	2,072

For the six months ended 30 June 2014 (unaudited)

	Logistics solutions business *HK$'000*	**Customisation services** *HK$'000*	**Segment total** *HK$'000*
Additions to non-current assets	170	67	237
Depreciation of property, plant and equipment included in the measure of segment results	837	245	1,082

For the six months ended 30 June 2015

	Logistics solutions business *HK$'000*	**Customisation services** *HK$'000*	**Segment total** *HK$'000*
Additions to non-current assets	428	–	428
Depreciation of property, plant and equipment included in the measure of segment results	741	238	979

Geographical information

The Group's operations are located in Hong Kong.

Information about major customers

Revenue from customers of corresponding years/periods contributing over 10% of the Group's revenue are as follows:

	Year ended 31 December		**Six months ended 30 June**	
	2013	**2014**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Customer A (revenue generated by providing the services on Logistic solutions business and Customisation services)	110,714	97,739	51,189	37,880

7. INCOME TAX EXPENSE

	Year ended 31 December		Six months ended 30 June	
	2013	**2014**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Hong Kong Profits Tax				
– current year/period	5,801	4,327	2,567	1,205
Deferred tax credit *(Note 14)*	–	(650)	(536)	(101)
	5,801	3,677	2,031	1,104

	Year ended 31 December		Six months ended 30 June	
	2013	**2014**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Profit before taxation	33,921	25,093	15,077	3,294
Tax at Hong Kong Profits Tax rate of 16.5%	5,597	4,140	2,488	544
Tax effect of expenses not deductible for tax purposes	1	37	–	560
Tax effect of income not taxable for tax purposes	(2)	(4)	(1)	–
Tax effect of deductible temporary difference not recognised	225	–	–	–
Tax effect of deductible temporary difference previously not recognised	–	(456)	(456)	–
Tax concession	(20)	(40)	–	–
Income tax expenses for the year/period	5,801	3,677	2,031	1,104

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits during the Track Record Period.

8. PROFIT FOR THE YEAR/PERIOD

	Year ended 31 December		Six months ended 30 June	
	2013	**2014**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Profit for the year/period has been arrived at after charging (crediting):				
Directors' remuneration:				
– Fees	–	–	–	–
– Other emoluments, salaries and other benefits	1,488	1,390	695	695
– Retirement benefit scheme contributions	171	171	86	86
	1,659	1,561	781	781
Other staff salaries and allowances	34,601	33,930	17,246	14,672
Retirement benefit scheme contributions, excluding those of directors	1,547	1,495	738	657
Total employee benefits expenses	37,807	36,986	18,765	16,110
Auditor's remuneration	74	77	–	73
Bank interest income	(11)	(23)	(5)	(11)

9. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and the chief executive's emoluments

Details of the emoluments paid or payable by the entities comprising the Group to the directors and the chief executive of the Company appointed on [●] during the Track Record Period are as follows:

For the year ended 31 December 2013

Name of director	Fee	Salaries and other allowances	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Yeung Kwong Fat	–	878	78	956
Mr. Lee Kam Hung	–	130	78	208
Mr. Luk Yau Chi, Desmond	–	480	15	495
	–	1,488	171	1,659

For the year ended 31 December 2014

Name of director	Fee	Salaries and other allowances	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Yeung Kwong Fat	–	780	78	858
Mr. Lee Kam Hung	–	130	78	208
Mr. Luk Yau Chi, Desmond	–	480	15	495
	–	1,390	171	1,561

For the six months ended 30 June 2014 (unaudited)

Name of director	Fee	Salaries and other allowances	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Yeung Kwong Fat	–	390	39	429
Mr. Lee Kam Hung	–	65	39	104
Mr. Luk Yau Chi, Desmond	–	240	8	248
	–	695	86	781

For the six months ended 30 June 2015

Name of director	Fee	Salaries and other allowances	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Yeung Kwong Fat	–	390	39	429
Mr. Lee Kam Hung	–	65	39	104
Mr. Luk Yau Chi, Desmond	–	240	8	248
	–	695	86	781

Mr. Yeung Kwong Fat is also the chief executive of the Group and his emoluments disclosed above include those for services rendered by him as the chief executive.

(b) Employees' emoluments

The five highest paid individuals of the Group for the Track Record Period include 2 individuals who were appointed as directors of the Company. The emoluments of the remaining 3 individuals for the Track Record Period are as follows:

	Year ended 31 December		Six months ended 30 June	
	2013	**2014**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Salaries and other allowances	2,655	2,550	1,487	1,393
Retirement benefit scheme contributions	151	153	77	78
	2,806	2,703	1,564	1,471

The emoluments of the employees were less than HK$1,000,000 each during the Track Record Period.

During the Track Record Period, no emoluments were paid by the Group to any of the directors of the Company or the chief executive of the Group or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company or the chief executive of the Group waived any emoluments during the Track Record Period.

10. DIVIDENDS

During the year ended 31 December 2013, World-Link Roadway and World-Link Packing declared dividends of HK$1,300 per share and HK$150,000 per share amounting to HK$13,000,000 and HK$15,000,000, respectively to the individual shareholders.

The rate of dividend and the number of shares, ranking the dividend are not presented as such information is not meaningful having regard to the purpose of this report.

11. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful with regard to the Reorgnisation and the results for the Track Record Period that is on a combined basis as set out in note 1.

12. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Furniture and equipment	Office equipment	Leasehold improvement	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST						
At 1 January 2013	3,565	9,082	789	179	3,761	17,376
Additions	218	798	152	–	–	1,168
Disposals	(30)	(9)	–	–	–	(39)
At 31 December 2013	3,753	9,871	941	179	3,761	18,505
Additions	91	225	139	–	–	455
Disposals	(483)	(540)	(92)	–	–	(1,115)
At 31 December 2014	3,361	9,556	988	179	3,761	17,845
Additions	182	97	–	78	–	357
At 30 June 2015	3,543	9,653	988	257	3,761	18,202
DEPRECIATION						
At 1 January 2013	3,186	4,326	362	172	3,211	11,257
Provided for the year	194	1,601	246	7	280	2,328
Disposals	(30)	(9)	–	–	–	(39)
At 31 December 2013	3,350	5,918	608	179	3,491	13,546
Provided for the year	193	1,488	215	–	176	2,072
Disposals	(483)	(540)	(91)	–	–	(1,114)
At 31 December 2014	3,060	6,866	732	179	3,667	14,504
Provided for the period	101	748	83	3	44	979
At 30 June 2015	3,161	7,614	815	182	3,711	15,483
CARRYING VALUES						
At 31 December 2013	403	3,953	333	–	270	4,959
At 31 December 2014	301	2,690	256	–	94	3,341
At 30 June 2015	382	2,039	173	75	50	2,719

The above items of property, plant and equipment are depreciated on a straight-line basis as follows:

Plant and machinery	10% per annum
Furniture and equipment	20% per annum
Office equipment	20% – 25% per annum
Leasehold improvement	Over the period of the relevant lease
Motor vehicles	30% per annum

13. RENTAL DEPOSITS

The balances represent rental deposits placed by the Group in connection with its rented premises. The relevant leases will expire after one year from the end of the respective reporting period, or if the remaining lease term is less than one year, the Group has the positive intention to renew the leases upon expiry. Therefore, the balances are classified as non-current.

14. DEFERRED TAX ASSET

The following are the major deferred tax asset recognised and movements thereon during the Track Record Period:

	Accelerated tax depreciation
	HK$'000
At 1 January 2013 and 31 December 2013	–
Credit to profit or loss	650
At 31 December 2014	650
Credit to profit or loss	101
At 30 June 2015	751

15. TRADE AND OTHER RECEIVABLES

	As at 31 December		**As at 30 June**
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	32,207	34,665	26,575
Prepayments, deposits and other receivables	1,638	1,421	2,260
	33,845	36,086	28,835

The Group allows credit period ranging from 0 to 45 days to its customers.

The following is an ageing analysis of trade receivables presented based on the invoice date at the end of the reporting period.

	As at 31 December		As at 30 June
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
0 – 30 days	15,300	12,780	19,917
31 – 60 days	13,458	11,693	144
61 – 90 days	2,934	7,535	6,195
Over 90 days	515	2,657	319
	32,207	34,665	26,575

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributed to customers and credit term granted to customers are reviewed regularly. The majority of the trade receivables that are neither past due nor impaired have no history of defaulting on repayments.

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$4,869,000, HK$12,848,000 and HK$8,686,000 as at 31 December 2013 and 2014 and 30 June 2015, respectively which were past due at the end of the reporting period for which the Group has not provided for impairment loss as the Group considered such balances could be recovered based on historical experience. The Group does not hold any collateral over these balances.

The following is an aged analysis of trade receivables which are past due but not impaired at the end of the reporting period:

	As at 31 December		As at 30 June
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Overdue by:			
0 to 30 days	2,447	8,322	7,878
31 to 60 days	1,439	2,694	259
61 to 90 days	782	1,457	372
Over 90 days	201	375	177
	4,869	12,848	8,686

16. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less.

Bank balances carry interest at variable rates which range from 0.01% to 0.35% per annum as at 31 December 2013 and 2014 and 30 June 2015.

17. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	THE GROUP		
			As at
	As at 31 December		**30 June**
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Trade payables aged within 30 days	2,002	492	2,330
Provision for long service payments	339	363	375
Accrued employee benefits	3,235	2,400	1,028
Other payables and accrued expenses	96	436	294
	5,672	3,691	4.027

18. AMOUNTS DUE TO DIRECTORS

	THE GROUP		
			As at
	As at 31 December		**30 June**
Name of directors	**2013**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Mr. Yeung Kwong Fat	–	58	–
Mr. Lee Kam Hung	57,614	29,583	19,595
Mr. Luk Yau Chi, Desmond	80	495	743
	57,694	30,136	20,338

The amounts due to directors are denominated in HK$, unsecured, interest-free and repayable on demand.

In the opinion of the directors of the Company, the Group will settle the amounts in full upon **[REDACTED]** of the Company's shares on the Stock Exchange.

19. SHARE CAPITAL

The issued capital of the Group as at 31 December 2013 and 2014 represents the aggregate share capital of World-Link Roadway amounted to HK$10,000 and World-Link Packing amounted to HK$100.

The issued capital of the Group as at 30 June 2015 represents the aggregate share capital of Real Runner amounted to US$1,000 (equivalent to HK$8,000), World-Link Roadway, amounted to HK$10,000 and World-Link Packing amounted to HK$100.

20. OPERATING LEASES

The Group as lessee

Details of operating leases payments during the Track Record Period in respect of rented premises and plant, machinery and equipment are set out in combined statements of profit or loss and other comprehensive income.

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises and plant, machinery and equipment which fall due as follows:

	As at 31 December		As at 30 June
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Rented premises			
Within one year	29,911	33,985	36,885
In the second to fifth year inclusive	46,413	19,625	4,412
	76,324	53,610	41,297
Plant, machinery and equipment			
Within one year	892	766	623
In the second to fifth year inclusive	945	572	374
	1,837	1,338	997
	78,161	54,948	42,294

Operating lease payments represent rentals payable by the Group for its office premises, warehouses, plant, machinery and equipment. Leases are negotiated for the period of one to three years.

21. RETIREMENT BENEFIT SCHEMES

The Group operates a number of defined contribution schemes for all qualified employees.

The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group also participates in a defined contribution schemes which is registered under the MPF Scheme established under the Mandatory Provident Fund Ordinance in December 2000.

For members of the MPF Scheme, the Group contributes at the lower of HK$1,250 per month (increased to HK$1,500 per month effective from 1 June 2014) or 5% of relevant payroll costs each month to the MPF Scheme, which contribution is matched by the employee.

The only obligation of the Group with respect to these retirement benefits schemes is to make the specified contributions. During the Track Record Period, the total amount contributed by the Group to the schemes and cost charged to the profit or loss represents contributions paid/payable to the schemes by the Group at rates specified in the rules of the schemes. The retirement benefits scheme contributions made by the Group amounted to HK$1,718,000, HK$1,666,000, HK$824,000 (unaudited) and HK$743,000 during the year ended 31 December 2013, 2014 and six months ended 30 June 2014 and 2015 respectively.

22. RELATED PARTY DISCLOSURES

(a) Related party balances

Details of the outstanding balances with related parties are set out in the combined statements of financial position and in note 18.

(b) Compensation of key management personnel

	Year ended 31 December		Six months ended 30 June	
	2013	**2014**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Salaries and other allowances	1,488	1,390	695	695
Retirement benefit scheme and contributions	171	171	86	86
Total	1,659	1,561	781	781

The remuneration of key management personnel of the Group, which are also the directors of the Company, are determined having regard to the performance of the individuals.

23. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the group companies will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes amounts due to directors, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and retained profits.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost and the risks associates with each class of the capital. Based on the recommendations of the directors, the Group will balance its overall capital structure.

24. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	THE GROUP		
	As at 31 December		As at 30 June
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Financial assets			
Loans and receivables (including cash and cash equivalents)	55,652	46,037	39,462
Financial liabilities			
Amortised cost	59,830	30,805	22,670

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash, trade and other payables and amounts due to directors.

Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligations by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the combined statements of financial position of the Group.

The Group's credit risk is primarily attributable to its trade receivables. In order to minimise the credit risk, the management of the Group has assessed their creditably and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

As at 31 December 2013 and 2014 and 30 June 2015, the Group has concentration of credit risk as 85% and 79% and 75% respectively of the total trade receivables was due from the Group's largest customer. The Group's concentration of credit risk on the top five largest customers accounted for 97% and 93% and 90% of the total trade receivables as at 31 December 2013 and 2014 and 30 June 2015, respectively. The management of the Group considered the credit risk of amounts due from these customers is insignificant after considering their historical settlement record, credit quality and financial position.

Liquidity risk

In management of the liquidity risk, the Group monitors and maintains levels of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on advances from directors as significant sources of liquidity.

The following table details the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date, on which the Group can be required to pay. The maturity dates for financial liabilities are based on the agreed repayment dates.

Liquidity tables

As at 31 December 2013

	Weighted average effective interest rate	Repayable on demand or less than 1 month	Total undiscounted cash flows	Carrying amount at 31 December 2013
	%	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities				
Trade and other payables	–	2,136	2,136	2,136
Amounts due to directors	–	57,694	57,694	57,694
		59,830	59,830	59,830

As at 31 December 2014

	Weighted average effective interest rate	Repayable on demand or less than 1 month	Total undiscounted cash flows	Carrying amount at 31 December 2014
	%	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities				
Trade and other payables	–	669	669	669
Amounts due to directors	–	30,136	30,136	30,136
		30,805	30,805	30,805

As at 30 June 2015

	Weighted average effective interest rate	Repayable on demand or less than 1 month	Total undiscounted cash flows	Carrying amount at 30 June 2015
	%	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities				
Trade and other payables	–	2,332	2,332	2,332
Amounts due to directors	–	20,338	20,338	20,338
		22,670	22,670	22,670

The management considers that the carrying amounts of the financial assets and financial liabilities of the Group recorded at amortised cost in the Financial Information at the end of each reporting period approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

25. MAJOR NON-CASH TRANSACTION

During the Track Record Period, the dividends declared to the shareholders of the companies comprising the Group were settled through the amount due to a director.

B. DIRECTORS' REMUNERATION

Save as disclosed in this report, no remuneration was paid or payable by the Group to the directors of the Company in respect of the Track Record Period.

Under the arrangement currently in force, the aggregate amount of the directors' fees and other emoluments for the year ending 31 December 2015 is estimated to be approximately HK$2.9 million.

C. SUBSEQUENT EVENTS

The following events took place subsequent to 30 June 2015:

On [●], the Reorganisation was completed by interspersing the Company between the Individual Shareholders and Real Runner, the Company became the holding company of the companies now comprising the Group.

On [27 November 2015], the Company has approved the issuance of **[REDACTED]** shares standing to the credit of the share premium of the Company conditional on the share premium account of the Company being credited as a result of the **[REDACTED]** of the shares of the Company under the capitalisation issue on or around the **[REDACTED]** date, details are set out in Appendix IV of the Document.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 30 June 2015.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong