

## SUMMARY

*This summary aims to give you an overview of the information contained in this [REDACTED]. As this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the [REDACTED].*

*There are risks associated with investment in companies [REDACTED]. Some of the particular risks in investing in the [REDACTED] are set out in the section headed “Risk Factors” of this [REDACTED]. You should read that section carefully before you decide to invest in the [REDACTED].*

## OVERVIEW

Founded in 1990, we are an established logistics service provider in Hong Kong. We offer a wide range of logistics services to meet the needs of our customers’ supply chains which include transportation, warehousing, customisation services (consisting mainly of repacking and labeling services) as well as certain value-added services (consisting mainly of container handling services and provision of assistance to the preparation of shipping documentation services). Our business is built on a customer-oriented culture, and we focus on establishing relationships with reputable customers by providing flexible, reliable and timely logistics services. With our proven track record in the logistics industry, we have established a broad customer base comprising of customers from various industries, including FMCG, food and beverage, retailing and other industries.

The following table sets out the revenue by the types of services we typically offered in the logistics business during the Track Record Period:

	Year ended 31 December				Six months ended 30 June			
	2013		2014		2014 (unaudited)		2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Transportation	30,344	22.4	32,386	24.0	15,900	23.1	14,786	25.7
Warehousing	49,605	36.6	53,524	39.7	27,588	40.0	27,003	47.0
Customisation (Note 1)	43,657	32.2	39,313	29.2	20,438	29.7	12,134	21.1
Value-added (Note 2)	12,088	8.8	9,589	7.1	4,930	7.2	3,570	6.2
	<u>135,694</u>	<u>100.0</u>	<u>134,812</u>	<u>100.0</u>	<u>68,856</u>	<u>100.0</u>	<u>57,493</u>	<u>100.0</u>

Notes:

1. Customisation services refer to the repacking services and labeling services.
2. Value-added services mainly include container handling services and assistance in preparation of shipping documentation services.

## COMPETITIVE STRENGTHS

Our Directors believe that we possess the following competitive strengths:

- (i) We provide flexible and reliable logistics services to cater for our customers’ needs;
- (ii) We maintain a solid customer base and long-standing relationship with our reputable customers;
- (iii) We have an experienced and capable management team;
- (iv) We place great emphasis on the quality of our services; and
- (v) We have stable relationship with our suppliers.

For details, please refer to the section headed “Business – Competitive strengths” of this [REDACTED].

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### BUSINESS STRATEGIES

We aim to strengthen our position as logistics service provider in Hong Kong. To achieve this, we intend to focus on the following strategies:

- (i) Expanding the scope of our services to cover cold chain logistics services;
- (ii) Enhancing our sales and marketing effort;
- (iii) Further strengthening our information technology and systems;
- (iv) Continuing to attract and retain talented and experienced personnel; and
- (v) Growing our business strategically through merger, acquisition or business collaboration.

For details, please refer to the section headed “Business – Business strategies” of this [REDACTED].

### CUSTOMERS

We serve customers from various industries, including FMCG, retailing, food and beverage and other industries. We have maintained business relationship with our five largest customers for over 20 years, four years, one year, 13 years and three years, respectively, as at the Latest Practicable Date.

The table below sets out our revenue during the Track Record Period by the types of industry our customers are engaged in:

	Year ended 31 December				Six months ended 30 June			
	2013		2014		2014 (unaudited)		2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
FMCG	119,883	88.3	107,127	79.5	56,444	82.0	41,222	71.7
Retailing	14,716	10.8	16,756	12.4	4,219	6.1	6,002	10.4
Food and beverage	393	0.3	6,333	4.7	6,508	9.5	7,687	13.4
Electronic, health and beauty accessories	52	0.0	1,481	1.1	11	0.0	1,711	3.0
Others	650	0.6	3,115	2.3	1,674	2.4	871	1.5
	<u>135,694</u>	<u>100.0</u>	<u>134,812</u>	<u>100.0</u>	<u>68,856</u>	<u>100.0</u>	<u>57,493</u>	<u>100.0</u>

During the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, the revenue contributed by FMCG customers, mainly Customer A, accounted for approximately HK\$119.9 million, HK\$107.1 million and HK\$41.2 million respectively, which accounted for approximately 88.3%, 79.5% and 71.7% of our total revenue for the corresponding period, respectively.

### Reliance on Customer A

Our largest customer, namely Customer A, is a multi-national consumer goods company. The parent company of Customer A is listed on the New York Stock Exchange. It is principally engaged in the sale of consumer goods, including baby and family care products, household products, beauty products and health and grooming products. As at the Latest Practicable Date, we had maintained business relationship with this largest customer and we have been appointed as its sole logistics solutions service provider in Hong Kong for over 20 years. Customer A conducts regular inspections and assessments on our performance and sets out performance indicators for us to follow from time to time. Our revenue attributable to Customer A amounted to approximately HK\$110.7 million, HK\$97.7 million and HK\$37.9 million for the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, which accounted for approximately 81.6%,

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72.5% and 65.9% of our total revenue for the corresponding period, respectively. Our service agreements with Customer A typically have a term of two to three years with an option to renew subject to further negotiation. Our current service agreements with Customer A will expire in June 2016. There is a termination clause in the service agreements that Customer A may terminate the service agreements with us and the notice period ranges from 30 to 60 calendar days. Our Directors confirm that our service agreements with Customer A had not been stopped or suspended since we commenced business relationship with Customer A. We had actively approached Customer A regarding the renewal of the service agreements. Based on past experience, Customer A is generally engaged in negotiation with us for the renewal of the services agreements within one to two months before the expiration date thereof for the relevant period in practice. Notwithstanding that, Customer A has approached us recently to commence discussion and preparation relating to the estimated amount of works and services to be provided by us to Customer A for the coming year. Customer A, during the course of discussion, had expressed its intention to renew the services agreements and asked us to assess whether our current capacity is able to cater for and accommodate the potential amount of services and spaces required by Customer A and sought our view on whether additional space be provided in order to minimise any possible business disruption during the coming peak season. Our Directors consider that it is a positive indication and are confident that our Company will be able to renew the services agreements and continue the business relationship with Customer A for the next term and going forward and there would not be any material impediment to the renewal of the service agreements with Customer A upon expiry. For more details regarding the sustainability of our business, please refer to the section headed “Business – Customers – Sustainability of our business” of this [REDACTED].

Based on the financial information set out above, the percentage of our Group’s total revenue attributable to Customer A had decreased in the two years ended 31 December 2014 and had further decreased in the six months ended 30 June 2015. Our Group’s sales to Customer A decreased by 11.7% from approximately HK\$110.7 million for the year ended 31 December 2013 to approximately HK\$97.7 million for the year ended 31 December 2014, and by 26.0% from approximately HK\$51.2 million for the six months ended 30 June 2014 to approximately HK\$37.9 million for the six months ended 30 June 2015. This was mainly due to the decrease in demand and orders for higher pricing customisation activities from Customer A. Based on the orders placed by Customer A with our Group at the time, lower pricing activities such as labeling stickers and heat sealing constituted a larger proportion in the mix of our customisation services while the proportion of the higher pricing activities such as gift packing decreased. Our Directors consider that the change in the mix of our customisation services was principally due to the change in the focus of our customers on the types of packaging services to be provided by us so as to respond to the then poor market sentiment in Hong Kong in late 2014 and early 2015, which had resulted in a lower cost in repacking of such product, while the total number of repacking items remained relatively stable. However, Customer A has resumed ordering higher-pricing customisation services from us since July 2015. Our Directors have put effort to diversify our customer base and attract new customers so as to reduce reliance on Customer A. During the Track Record Period, our Group successfully attracted several new customers, including but not limited to a well-known Hong Kong listed company which produces a wide variety of beverages (i.e. Customer V); a Hong Kong based supplier of food, including meat, vegetables, frozen meats and dairy products (i.e. Customer F) and a Hong Kong based food distributor (i.e. Customer K). The aggregated revenue generated from the new customers obtained during the Track Record Period amounted to approximately HK\$0.3 million, HK\$9.4 million and HK\$8.0 million for the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015 respectively which accounted for approximately 0.2%, 7.0% and 13.9% of our total revenue in the respective periods.

For details, please refer to the section headed “Business – Customers” of this [REDACTED].

### SUPPLIERS

Our suppliers include mainly subcontractors for transportation services and container handling services, landlords of our warehouses in Hong Kong, and suppliers of packing materials. We have developed close business relationship with our five largest suppliers. Our five largest suppliers had business relationship with us for over 20 years, over 20 years, seven years, less than one year and two years, respectively, as at the Latest Practicable Date.

### Reliance on Supplier A

As at the Latest Practicable Date, over 82% of the gross floor area of our leased properties were leased from our largest supplier, Supplier A, which is a subsidiary of a Hong Kong listed company and is principally engaged in the property investment business.

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Up to the Latest Practicable Date, we had maintained business relationship with this largest supplier for over 20 years. We believe that our stable relationship with Supplier A was mainly due to our reputation in the logistics industry and our good payment record since we commenced business relationship with Supplier A. The total operating lease rentals in respect of rented premises payable to 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, respectively, which accounted for approximately 36.9%, 41.9% and 37.8% of our total direct cost for the corresponding periods, respectively. Our average monthly operating lease rentals in respect of rented premises increased from approximately HK\$2.0 million for the year ended 31 December 2013 to approximately HK\$2.6 million for the year ended 31 December 2014 and further increased to approximately HK\$2.8 million for the six months ended 30 June 2015. Our Directors are of the view that the increase in the average monthly operating lease rentals in respect of rented premises was in line with the overall increase in the property market in Hong Kong. Although the tenancy agreements with Supplier A will expire in June 2016, our Directors are optimistic and positive in renewing the tenancy agreements with Supplier A and our Directors expect that there would not be any material impediment to the renewal of such agreements upon expiry. Referring to the tenancy agreements with Supplier A, we have an option to renew the tenancy agreements, and upon exercise of which, Supplier A is obligated and contractually bound to extend the respective term of the tenancy agreements subject to the terms and conditions stipulated thereon. As our Directors consider that the rentals in industrial buildings are expected to drop or at least remain stable in the near future, in particular, there is an increasing number of news which contained the views that there is downward pressure in the property market in Hong Kong, our Company is cautious in exercising the option and will only commence negotiation with Supplier A within one to two months prior to the expiry of the tenancy agreements.

Sensitivity of our profit to hypothetical fluctuation in our operating lease rentals in respect of rented premises during the Track Record Period is prepared for illustrative purpose. Please refer to the section headed “Financial information – Significant factors affecting the results of operations” of this [REDACTED].

### **Subcontracting arrangement**

During the Track Record Period, we subcontracted some of our logistics services, including transportation services and container handling services to Independent Third Parties because we consider that this subcontracting arrangement would (i) minimise our need to employ and maintain a large workforce at all times; and (ii) increase flexibility and cost effectiveness in carrying out our service. 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.

We did not enter into any long-term subcontracting agreements with any subcontractors during the Track Record Period. We usually enter into master subcontracting agreements with the subcontractors setting out the principal terms of the subcontracting arrangement and the conditions of each transaction (such as price, payment terms and delivery schedule) will be set out in the relevant purchase order of each transaction. Our Directors are of the view that the subcontracting arrangement is common within the logistics industry. We maintained long-term co-operative relationship with our subcontractors and will exercise all reasonable endeavours to cultivate and maintain such relationship in the future.

Our Group had engaged 16 independent subcontractors during the Track Record Period. For details, please refer to the section headed “Business – Suppliers” of this [REDACTED].

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The following table sets forth the breakdown of total direct costs of our Group for the periods indicated:

	<b>For the year ended 31 December</b>		<b>For the six months ended</b>
	<b>2013</b>	<b>2014</b>	<b>30 June</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<b>2015</b>
			<i>HK\$'000</i>
Operating lease rentals in respect of rented premises	24,118	31,450	17,039
Subcontracting expenses	24,958	25,412	10,730
Packing materials	939	980	349
	<b>50,015</b>	<b>57,842</b>	<b>28,118</b>
Total direct costs	<b>50,015</b>	<b>57,842</b>	<b>28,118</b>

## OUR SHAREHOLDING STRUCTURE

### The Controlling Shareholders

On 24 August 2015, Mr. Lee, Mr. Yeung and Mr. Luk entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, among other things, that they are parties acting in concert in respect of each of the members of our Group during and since the Track Record Period and will continue so as of and after the date of the Concert Parties Confirmatory Deed, details of the Concert Parties Confirmatory Deed are set out in the section headed “History, Reorganisation and Corporate Structure – Parties acting in concert” in this [REDACTED].

Immediately following the completion of the [REDACTED] and the Capitalisation Issue (assuming that no Share is issued pursuant to the exercise of the [REDACTED] and options which may be granted under the Share Option Scheme), Best Matrix (wholly owned by Mr. Lee), Orange Blossom (wholly owned by Mr. Yeung) and Leader Speed (wholly owned by Mr. Luk) will be together interested in approximately 72.8% of the issued share capital of our Company, with (i) Best Matrix effectively holding 30% of the total issued share capital of our Company, (ii) Orange Blossom effectively holding approximately 28.2% of the total issued share capital of our Company, and (iii) Leader Speed effectively holding approximately 14.6% of the total issued share capital of our Company. As Mr. Lee, Mr. Yeung, Mr. Luk, Best Matrix, Orange Blossom and Leader Speed will collectively continue to control more than 30% of the issued share capital of our Company, each of them will be deemed to be our Controlling Shareholder.

### [REDACTED] Investment

On 23 July 2015, Granada Global entered into a sale and purchase agreement with each of Orange Blossom and Leader Speed (collectively the “**Granada Global Agreements**”), pursuant to which (i) Orange Blossom transferred 72 shares of Real Runner to Granada Global at the consideration of HK\$2.0 million; and (ii) Leader Speed transferred 18 shares of Real Runner to Granada Global at the consideration of HK\$0.5 million. The considerations were arrived at after arm’s length negotiations between Granada Global and each of Orange Blossom and Leader Speed and taking into account the respective unaudited net asset value of World-Link Roadway and World-Link Packing (the wholly-owned subsidiaries of Real Runner after the Reorganisation) as at 31 December 2014. Granada Global is expected to bring in more business opportunities to our Group through the business connections and network of Mr. Chan, which, in the opinion of our Directors, would facilitate the diversification of the customer base of our Group. The said transfers had been properly and legally completed and settled. After the said transfers, Real Runner was owned as to 37.60% by Orange Blossom, 40.00% by Mr. Lee (which was subsequently transferred to Best Matrix on 9 September 2015), 19.40% by Leader Speed and 3.00% by Granada Global.

For details of the [REDACTED] investment, please refer to the section headed “History, Reorganisation and Corporate structure – [REDACTED] investment” in this [REDACTED].

## KEY OPERATING AND FINANCIAL DATA

The following table presents the summary of our Group’s financial information during the Track Record Period. You should read the following financial information in conjunction with the



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financial information included in the Accountants’ Report set out in Appendix I to this [REDACTED], including the notes thereto.

### Selected items in combined statements of profit or loss and other comprehensive income

	For the year ended 31 December		For the six months ended 30 June	
	2013	2014	2014 (unaudited)	2015
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Revenue	135,694	134,812	68,856	57,493
– Transportation	30,344	32,386	15,900	14,786
– Warehousing	49,605	53,524	27,588	27,003
– Customisation	43,657	39,313	20,438	12,134
– Value-added	12,088	9,589	4,930	3,570
Profit before taxation	33,921	25,093	15,077	3,294
Profit and comprehensive income for the year/period	28,120	21,416	13,046	2,190

Our total revenue amounted to approximately HK\$135.7 million, HK\$134.8 million and HK\$57.5 million for the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015 respectively. The net profit for the year decreased by HK\$6.7 million from HK\$28.1 million for the year ended 31 December 2013 to HK\$21.4 million for the year ended 31 December 2014, which was mainly due to the increase in rental expenses of approximately HK\$7.4 million during the year ended 31 December 2014. The significant decrease of the revenue for the six months ended 30 June 2015 from HK\$68.9 million to HK\$57.5 million comparing to the revenue for the six months ended 30 June 2014 was primarily due the decrease in revenue from our customisation services by approximately 40.6% from approximately HK\$20.4 million for the six months ended 30 June 2014 to approximately HK\$12.1 million for the six months ended 30 June 2015, as a result of a considerable drop in orders for higher pricing activities such as gift packing placed by our largest customer, Customer A.

The significant decrease in net profit for the six months ended 30 June 2015 from HK\$13.0 million to HK\$2.2 million comparing to the net profit for the six months ended 30 June 2014 is mainly, in the opinion of our Directors, because of (i) the weakened demand from our largest customer, Customer A, which was mainly attributed to, among others, the change in its marketing strategies or plans in respect of the sale of its products in Hong Kong in the face of the Occupy Central movement and the implementation of the government policy with regard to the limitation of the number of PRC residents visiting Hong Kong. Based on the orders placed by Customer A, our Directors observed that Customer A had at the time changed its marketing strategies to respond to the then poor market sentiment in Hong Kong in late 2014 and early 2015, including the change in preference regarding the types of packaging to those repacking services of lower cost and its packaging requirements, while the total number of repacking items remained relatively stable; (ii) increase in rental expenses; and (iii) the one-off non-recurring [REDACTED] expenses of approximately HK\$[REDACTED], which are charged to our combined statement of profit or loss and other comprehensive income for the six months ended 30 June 2015. Please refer to the section headed “Financial Information” of this [REDACTED] for more details.

Despite the significant decrease in net profit for the six months ended 30 June 2015, our Directors believe that our Group can maintain its sustainability after [REDACTED] taking into account that (i) the recent poor sentiment in the retail market on the necessities and food and beverages is of a short term and temporary nature; (ii) our Group continues to identify potential customers; (iii) our Group is a highly competitive player in the logistics industry; (iv) our Group continues to expand our scope of services; (v) our Group has already taken into consideration the additional expenses after [REDACTED]; and (vi) our Group continues to maintain the business relationship with Customer A, which has resumed ordering higher-pricing customisation services from us. Please refer to the section headed “Financial Information” of this [REDACTED] for further details.

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### Selected items in combined statements of financial position

	As at 31 December		As at 30 June
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Current assets	56,277	47,820	41,628
Current liabilities	64,676	33,827	24,894
Net current (liabilities)/assets	(8,399)	13,993	16,734

We had net current liabilities of approximately HK\$8.4 million as at 31 December 2013 and net current assets of approximately HK\$14.0 million as at 31 December 2014. The improvement was mainly attributed to the contribution of our profit for the year ended 31 December 2014 of approximately HK\$21.4 million resulting in the increase in our trade and other receivables from approximately HK\$33.8 million as at 31 December 2013 to approximately HK\$36.1 million as at 31 December 2014 and the improvement in our bank balances and cash position during 2014 which was used to partially settle our amount due to directors. The amount due to Directors therefore decreased from approximately HK\$57.7 million as at 31 December 2013 to approximately HK\$30.1 million as at 31 December 2014. Our net current assets further increased by approximately HK\$2.7 million or 19.3% from approximately HK\$14.0 million as at 31 December 2014 to approximately HK\$16.7 million as at 30 June 2015.

	For the year ended/ As at 31 December		For the six months ended/As at
	2013	2014	30 June 2015
Net profit margin	20.7%	15.9%	3.8%
Return on equity	1,785.4%	93.1%	8.7%
Return on total assets	42.1%	37.3%	4.3%
Current ratio/quick ratio	0.9	1.4	1.7

There was a 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, which is mainly because of (i) weakened demand from our largest customer, Customer A, as a result of the change in its marketing strategies in respect of the sale of its products, which in turn affected our financial performance; (ii) increase in rental expenses for warehouses and customisation centres; and (iii) the one-off non-recurring [REDACTED] expenses of approximately HK\$[REDACTED], which are expected to be charged to our Group's consolidated statement of profit or loss and other comprehensive income for the year ending 31 December 2015.

Please refer to the section headed “Financial Information – Other major financial ratios discussion” for more details.

### COMPETITIVE LANDSCAPE

According to Euromonitor Report, the logistics industry in Hong Kong is fragmented and competitive. In 2013, there were over 5,000 logistics service providers in Hong Kong. According to Census and Statistics Department of Hong Kong SAR, there were 663 logistics service providers in Hong Kong with business receipts above HK\$50 million in 2013. We primarily compete with our competitors based on the quality of service (including reliability, responsiveness, expertise and convenience) and price.

### RECENT DEVELOPMENTS SUBSEQUENT TO THE TRACK RECORD PERIOD

We have continued to focus on strengthening our market position in the logistics industry in Hong Kong. As far as we are aware, our industry remained relatively stable after the Track Record Period. There was no material adverse change in the general economic and market conditions in the industry in which we operate that had affected or would affect our business operations or financial condition materially and adversely.

Our Directors are of the view that the weakened demand from Customer A is of a short term effect and a temporary change in nature and believe that Customer A, as a multi-national consumer

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goods company, can take swift marketing strategies or launch more promotional campaigns to cope with any change in market sentiment, based on the facts that (i) the average of our unaudited monthly revenue generated from Customer A for the four months ended 31 October 2015 was higher than the average monthly revenue generated from Customer A for the first six months in 2015 by approximately 4.1%. In particular, the average of our unaudited monthly revenue of customisation services generated from Customer A for the four months ended 31 October 2015 was higher than the average monthly revenue of customisation services generated from Customer A for the first six months in 2015 by approximately 37.1% as Customer A has resumed ordering higher-pricing customisation services from us since July 2015; and (ii) as products of Customer A are quality necessities to the public, such as the toothpaste and laundry detergent, and therefore a mere change in the policy with regard to PRC residents' visiting to Hong Kong will not likely have a long-term effect on Customer A. Our Directors are confident that consumers' demands for Customer A's products will manage to be stable gradually.

### **Unaudited financial performance for the year ending 31 December 2015**

Our revenue and cost structure have remained unchanged since 30 June 2015. Our Directors consider that our Group's financial performance for the year ending 31 December 2015 will be significantly affected by the increase in [REDACTED] expenses and the operating lease rentals in respect of rented premises. The one-off [REDACTED] expenses of approximately HK\$[REDACTED] will be charged to the consolidated statement of profit or loss and other comprehensive income for the year ending 31 December 2015. In addition, there will be an expected increase in operating lease rentals in respect of rented premises from approximately HK\$31.5 million for the year ended 31 December 2014 to approximately HK\$36.1 million for the year ending 31 December 2015.

Notwithstanding the said increases in the [REDACTED] expenses and operating lease rentals in respect of rented premises, our Directors are of the opinion that there is no fundamental deterioration in the commercial and operational viability in our Group's business. Accordingly, the Shareholders and prospective investors should be informed that the financial results of our Group for the year ending 31 December 2015 will be materially affected by the estimated increases in the [REDACTED] expenses and operating lease rentals in respect of rented premises that may amount to approximately HK\$16.5 million in aggregate, which represents approximately 58.7% and 77.1% of our Group's net profit for the year ended 31 December 2013 and 2014, respectively. Given the expected increase in [REDACTED] expenses and operating lease rentals in respect of rented premises, our Group's net profit for the year ending 31 December 2015 will significantly decline as compared with the prior financial years.

**[REDACTED] expenses** – We expect that our total [REDACTED] expenses, which are non-recurring in nature, will amount to approximately HK\$[REDACTED], of which approximately HK\$[REDACTED] is directly attributable to the issue of new Shares in the [REDACTED] and to be accounted for as a deduction from equity upon completion of the [REDACTED] in the year ending 31 December 2015. Approximately HK\$[REDACTED] has been recognised and charged to the combined statement of profit or loss and other comprehensive income during the six months ended 30 June 2015. The remaining estimated [REDACTED] expenses of approximately HK\$[REDACTED] will be charged to the consolidated statement of profit or loss and other comprehensive income upon [REDACTED].

Accordingly, the financial results of our Group for the year ending 31 December 2015 are expected to be materially affected by the estimated expenses in relation to the [REDACTED]. Our Directors would like to emphasise that such cost is a current estimate for reference only and the final amount to be recognised in the consolidated statements of profit or loss and comprehensive income of our Group for the year ending 31 December 2015 will be subject to adjustment based on audit and the then changes in variables and assumptions.

**Operating lease rentals in respect of rented premises** – Most of our current operating leases in respect of rented premises will expire in June 2016 or December 2015. Our Directors consider that the operating lease rentals in respect of rented premises are expected to decrease or at least remain stable after renewal.

However, apart from the impact of the one-off [REDACTED] expenses and operating lease rentals in respect of the rented premises, our Directors consider that our financial performance is able to improve its profitability in the second half of the year ending 31 December 2015 after



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taking into consideration that (a) the unaudited average revenue for the four months ended 31 October 2015 was higher than the unaudited average revenue for the six months ended 30 June 2015 by 17.5%; (b) the expected increase in the orders on hands from the existing customers for the two months ending 31 December 2015 given that the demand for our Group's services is generally stronger during the second half of the year, especially in the Christmas holidays; and (c) the securing of new customers in 2015, including Customer K and another new customer obtained in July 2015. Such customer is a global healthcare company that researches and develops a broad range of innovative medicines and brands.

### **Unaudited financial performance for the year ending 31 December 2016**

Our Directors consider that our financial performance for the year ending 31 December 2016 can be sustainable, after taking into consideration of (a) the expected successful renewal of the service agreements with our major customers, including Customer A; (b) the expected increase in price charged to these customers upon renewal of service agreements; (c) the increase in demand for our services from existing customers; (d) the increase in number of new customers in 2016; and (e) the potential new customers demanded for air-conditioned warehouses after we have expanded our scope of services as stated in our future plans.

### **LIQUIDITY POSITION SUBSEQUENT TO THE TRACK RECORD PERIOD**

#### **Accounts receivables financing arrangement**

On 1 July 2015, we extended the credit period offered to Customer A from 45 days to 75 days from the invoice date in view of the accounts receivables financing arrangement offered by a group company of Customer A. Under such financing arrangement, our Group can sell the accounts receivables of Customer A at a discounted price to a designated financial institution. The difference between the discounted price offered by such financial institution and the invoice amount of the relevant accounts receivables would charge as expense to our Group upon payments received by the financial institution. Our Directors confirmed that our Group will sell HK\$10.0 million of the accounts receivables of Customer A to the financial institution in December 2015 and the expense of HK\$0.1 million would be recognised prior to [REDACTED] as our Directors considered that it can strengthen our working capital for future growth opportunities. The expense is calculated by multiplying the face value of the accounts receivables with the interest rate, which is 0.75% plus 3 months HIBOR per annum, and then by multiplying the number of days in the period from date of factoring to date of original payment due date of the accounts receivables over 365 days. Based on such calculation, the expected expense for the year ending 31 December 2015 and 2016 will be approximately HK\$20,000 and nil respectively. For details, please refer to the section headed "Business – Customers – Accounts receivables financing arrangement" of the [REDACTED]. The factoring arrangement will have little impact on our liquidity position as once we sell the accounts receivables of Customer A to the financial institution, our cash balance will increase while our accounts receivables will decrease for the same amount, there are no material effect on our liquidity. The expense incurred for the factoring arrangement will reduce our liquidity position. However, as the cost is minimal, the effect on liquidity position will be minimal.

Our Directors consider that there is minimal liquidity effect in relation to the extension of the credit period offered to Customer A from 45 days to 75 days given that our Group can sell the accounts receivables of Customer A at a discounted price to the designated financial institution under the accounts receivables financing arrangement, which provide a flexible way for our Company to increase its working capital and finance its liquidity requirements when needed. Our Directors are of the view that the further extension of the credit terms upon the renewal of services agreements with Customer A is not expected given that (i) the credit terms remained stable as 45 days over 20 years; and (ii) such extension has been mutually agreed in view of the accounts receivables financing arrangement offered by the designated financial institution of Customer A, which is its new global practice. Even the credit period granted to Customer A has been further extended, our Directors consider that the liquidity effect is still minimal as our Group can sell the accounts receivables of Customer A at a discounted price to the designated financial institution under the accounts receivables financing arrangement and such cost is immaterial.

#### **Repayment of amounts due to directors**

As at the Latest Practicable Date, our Group had an aggregate outstanding amounts due to Directors in a sum of approximately HK\$18.0 million, which represented the dividends declared to

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## SUMMARY

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our shareholders. We had obtained a bank facility of HK\$25.0 million from a financial institution in Hong Kong in December 2015. The banking facility is secured by the personal guarantee granted by the directors of the Company and will be replaced by corporate guarantee of our Company upon [REDACTED]. We intended to fully settle the amounts due to our Directors by utilising the said banking facility before [REDACTED] and part of such bank loan will be repaid by part of the net proceeds from the [REDACTED]. The bank loan will bear interest rate of 2.25% plus 3 months HIBOR per annum and will be repayable within 18 months since drawdown. Details of which are further described in the section headed “Future plans and use of proceeds” in this [REDACTED]. Our liquidity position will be affected by the repayment of amounts due to Directors with a bank loan. Our total debt will increase by the amount of the bank loan, not of the amounts due to Directors, and the respective loan interest expenses. However, the liquidity effect is not material as we will repay part of the bank loan by our proceeds from the [REDACTED] and given that we maintained net current assets position, a healthy liquidity position and a very low gearing ratio as at 30 June 2015.

### Dividend

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. On 17 December 2015, we declared a dividend of HK\$15,000,000 to our shareholders. The dividend of HK\$15,000,000 will be paid prior to [REDACTED]. Our Group financed the payment of such dividend by our available cash and cash equivalents and bank loans on hand prior to [REDACTED]. Our Company currently does not have a dividend policy and may declare dividends by way of cash or by other means that our Directors consider appropriate. Our distribution of dividends, in the future, if any, will depend on the results of our operations, cash flows, financial conditions, statutory and regulatory restrictions as aforementioned and other factors that we may consider relevant, and is subject to our discretion. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Board in the future. Our Board has the absolute discretion to decide whether to declare or distribute dividends in any year. There is no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year. The dividend payment will reduce our liquidity position as cash balance will be reduced accordingly. Although we do not have a dividend policy, we will consider our results of operations and cash flows when we decide to distribute dividends. As such, we expect a healthy liquidity position can be maintained after distribution of dividends.

### USE OF PROCEEDS

Our Directors believe that the [REDACTED] will enhance our Group’s profile, strengthen the competitiveness and financial position of our Group, and provide our Group with additional working capital to implement the future plans set out in the section headed “Future plans and use of proceeds” in this [REDACTED].

We estimate that the aggregate net proceeds of the [REDACTED] (after deducting underwriting fees and estimated expenses payable by us in connection with the [REDACTED], and based on the [REDACTED] of HK\$[REDACTED] per [REDACTED]) will be approximately HK\$[REDACTED], assuming that the [REDACTED] is not exercised. We currently intend to apply such net proceeds in the following manner:

- approximately HK\$[REDACTED], representing approximately [REDACTED]% of the estimated net proceeds, for expanding the scope of our services to cover cold chain logistics services;
- approximately HK\$[REDACTED], representing approximately [REDACTED]% of the estimated net proceeds, for enhancing our sales and marketing effort;
- approximately HK\$[REDACTED], representing approximately [REDACTED]% of the estimated net proceeds, for further strengthening our information technology systems;
- approximately HK\$[REDACTED], representing approximately [REDACTED]% of the estimated net proceeds, for attracting and retaining talented and experienced personnel;

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## SUMMARY

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- approximately HK\$[REDACTED], representing approximately [REDACTED]% of the estimated net proceeds, for the repayment of parts of the bank loan to be drawn down from a financial institution in December 2015. The bank loan was used to settle our amounts due to directors of approximately HK\$18.0 million as at 31 October 2015, which represented the dividends paid to the shareholders, and to strengthen our general working capital. The reason for using bank loan, notwithstanding that interest will be payable, is mainly to provide flexibility on the cash flow of our Group. The interest rates of the loan are 2.25% plus 3 months HIBOR per annum and will mature in June 2017; and
- approximately HK\$[REDACTED], representing approximately [REDACTED]% of the estimated net proceeds, for general working capital.

Please refer to the section headed “Future plans and use of proceeds” of this [REDACTED] for further information on our use of net proceeds of the [REDACTED].

### RISK FACTORS

We believe that there are certain risks involved in our operations. Many of these risks are beyond our control and can be categorised into: (a) risks relating to our largest customer; (b) risks relating to our business; (c) risks relating to our industry; (d) risks relating to the [REDACTED]; and (e) risks relating to statements made in this [REDACTED]. We believe the followings are some of the major risks that may have a material adverse effect on us:

- We rely on our largest customer, Customer A;
- We are dependent on our customers’ business performance, in particular Customer A, in Hong Kong;
- We rely on our largest supplier, Supplier A;
- 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; and
- 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.

You should carefully consider the risk factors set out in this [REDACTED] before making a decision to invest in the Shares. Please refer to the section headed “Risk Factors” in this [REDACTED] for further details.

### [REDACTED] STATISTICS

Market capitalisation ( <i>Note 1</i> )	[REDACTED]
Unaudited pro forma adjusted combined net tangible assets per Share ( <i>Note 2</i> )	[REDACTED]

#### Notes:

1. The number of [REDACTED] and the calculation of the market capitalisation of the Shares are based on the enlarged issued capital of [REDACTED] Shares, being the aggregate number of Shares in issue as at the date of this [REDACTED] and the number of Shares to be issued pursuant to the [REDACTED] and the Capitalisation Issue (but without taking into account any Shares which may be issued pursuant to the [REDACTED] and any options which may be granted under the Share Option Scheme).
2. The unaudited pro forma adjusted net tangible asset per Share is determined after the adjustments as described in notes 1 to 3 as set out in Appendix II “Unaudited Pro Forma Financial Information” to this [REDACTED].

### NO MATERIAL ADVERSE CHANGE

Save as disclosed in the section headed “Summary – Recent Developments Subsequent to the Track Record Period” in this [REDACTED], our Directors confirm that there has been no material adverse change in our financial or trading position or prospects since 30 June 2015, being the date of our last audited financial statement as set out in Appendix I to this [REDACTED], up to the date of this [REDACTED].