

Warning Statement

The documents which you will access by clicking the acceptance button (“**these documents**”) are being published by World-Link Logistics (Asia) Holding Limited (the “**Company**”) as required by The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission under the Listing Rules. These documents should not be accessed by persons located in any jurisdictions where the provision of the following information may breach local securities law.

Each of these documents is in draft form. The information contained in it is incomplete and is subject to change which can be material. If an offer or an invitation is made to the public in Hong Kong in due course, prospective investors are reminded to make their investment decisions solely based on the Company’s prospectus registered with the Registrar of Companies in Hong Kong, copies of which will be distributed during the offer period.

The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission give no indication that the application to which these documents relate has been approved for listing and take no responsibility for the contents of the Company’s information published on this website, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this information.

The Company, its sponsor, advisers and members of the underwriting syndicate do not have any obligation or liability to its investors in relation to these documents except for the Company’s obligation to submit these documents for publication on the Exchange’s website.

I hereby declare that I am a resident of Hong Kong or I am not prohibited by any laws and regulations from gaining access to the applicant’s documents referred to in the above warning statement and I confirm that I have read the warning statement before proceeding to the next web page.

Viewer can choose to accept or not to accept the statement above.

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

Application Proof of

WORLD-LINK LOGISTICS (ASIA) HOLDING LIMITED

環宇物流(亞洲)控股有限公司

(the “Company”)

(incorporated in the Cayman Islands with limited liability)

WARNING

The publication of this Application Proof is required by The Stock Exchange of Hong Kong Limited (the “Exchange”) and the Securities and Futures Commission (the “Commission”) solely for the purpose of providing information to the public in Hong Kong.

This Application Proof is in draft form. The information contained in it is incomplete and is subject to change which can be material. By viewing this document, you acknowledge, accept and agree with the Company, its sponsor, advisers or members of the underwriting syndicate that:

- (a) this document is only for the purpose of providing information about the Company to the public in Hong Kong and not for any other purposes. No investment decision should be based on the information contained in this document;
- (b) the publication of this document or supplemental, revised or replacement pages on the Exchange’s website does not give rise to any obligation of the Company, its sponsor, advisers or members of the underwriting syndicate to proceed with an offering in Hong Kong or any other jurisdiction. There is no assurance that the Company will proceed with the offering;
- (c) the contents of this document or supplemental, revised or replacement pages may or may not be replicated in full or in part in the actual final listing document;
- (d) the Application Proof is not the final listing document and may be updated or revised by the Company from time to time in accordance with the GEM Listing Rules;
- (e) this document does not constitute a prospectus, offering circular, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it calculated to invite offers by the public to subscribe for or purchase any securities;
- (f) this document must not be regarded as an inducement to subscribe for or purchase any securities, and no such inducement is intended;
- (g) neither the Company nor any of its affiliates, advisers or members of the underwriters is offering, or is soliciting offers to buy, any securities in any jurisdiction through the publication of this document;
- (h) no application for the securities mentioned in this document should be made by any person nor would such application be accepted;
- (i) the Company has not and will not register the securities referred to in this document under the United States Securities Act of 1933, as amended, or any state securities laws of the United States;
- (j) as there may be legal restrictions on the distribution of this document or dissemination of any information contained in this document, you agree to inform yourself about and observe any such restrictions applicable to you; and
- (k) the application to which this document relates has not been approved for listing and the Exchange and the Commission may accept, return or reject the application for the subject public offering and/or listing.

If an offer or an invitation is made to the public in Hong Kong in due course, prospective investors are reminded to make their investment decisions solely based on the Company’s prospectus registered with the Registrar of Companies in Hong Kong, copies of which will be distributed to the public during the offer period.

IMPORTANT

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

WORLD-LINK LOGISTICS (ASIA) HOLDING LIMITED

環宇物流(亞洲)控股有限公司

(incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] : [REDACTED]
[REDACTED] : HK\$[REDACTED] per [REDACTED]
(payable in full upon application, plus
brokerage fee of 1%, SFC transaction
levy of 0.0027% and Stock Exchange
trading fee of 0.005%)

Nominal Value : HK\$0.01 each per Share

Stock Code : [REDACTED]

Sole Sponsor, [REDACTED]



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

A copy of this document, having attached thereto the documents specified under the section headed “Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection” in Appendix V to this document, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies of Hong Kong take no responsibility as to the contents of this document or any other documents referred to above.

Prospective investors of the [REDACTED] should note that the Underwriters are entitled to terminate their obligations under the Underwriting Agreement by notice in writing to our Company given by the Sole Lead Manager (for itself and on behalf of the Underwriters) upon the occurrence of any of the events set out under the section headed “Underwriting — Underwriting arrangement, commissions and expenses — Grounds for termination” of this document, at any time prior to 8:00 a.m. (Hong Kong time) on the [REDACTED] Date. Should the Sole Lead Manager (for itself and on behalf of the Underwriters) terminate its obligations under the Underwriting Agreement in accordance with the terms of the Underwriting Agreement, the [REDACTED] will not proceed and will lapse.

Prior to making an investment decision, prospective investors should carefully consider all the information set out in this document, including the risk factors set out in the section headed “Risk Factors” in this document.

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

EXPECTED TIMETABLE

[REDACTED]

CONTENTS

You should rely only on the information contained in this document to make your investment decision.

Our Company, the Sole Sponsor, the Sole Lead Manager and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this document.

Any information or representation not made in this document must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, and any of their respective directors, officers, employees, agents or representatives or any other party involved in the [REDACTED].

The contents on the websites at www.world-linkasia.com, which is the official website of the Company, do not form part of this document.

	<i>Page</i>
Characteristics of GEM	i
Expected Timetable	ii
Contents	iii
Summary	1
Definitions	11
Forward-Looking Statements	19
Risk Factors	21
Information about this document and the [REDACTED]	30
Directors and Parties Involved in the [REDACTED]	34
Corporate Information	36
Industry Overview	38
Regulatory Overview	48
History, Reorganisation and Corporate Structure	53
Business	64
Relationship with our Controlling Shareholders	105
Future Plans and Use of Proceeds	110

CONTENTS

	<i>Page</i>
Directors, Senior Management and Employees	116
Substantial Shareholders	127
Share Capital	130
Financial Information	133
Underwriting	164
Structure and Conditions of the [REDACTED]	173
Appendix I — Accountants’ Report	I-1
Appendix II — Unaudited Pro Forma Financial Information	II-1
Appendix III — Summary of the Constitution of the Company and Cayman Islands Company Law	III-1
Appendix IV — Statutory and General Information	IV-1
Appendix V — Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection	V-1

SUMMARY

This summary aims to give you an overview of the information contained in this document. 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 listed on GEM. Some of the particular risks in investing in the [REDACTED] are set out in the section headed “Risk Factors” of this document. You should read that section carefully before you decide to invest in the [REDACTED].

OVERVIEW

Founded in 1990, we are an established integrated logistics solutions service provider in Hong Kong. We offer a wide range of integrated logistics solutions services to meet the needs of our customers’ supply chains which include transportation, warehousing, customisation services (mainly consist of repacking services and labeling services) as well as diversified value-added services (mainly consist of container handling services and assistance in preparation of shipping documentation services). Our business is built on a customer-oriented culture, and we are focused on establishing relationships with reputable customers by providing flexible, reliable and timely integrated logistics solutions services. With our proven track record in the logistics industry, we have built a broad customer base which comprises customers in 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 offer in the integrated logistics solutions business during the Track Record Period:

	Year ended 31 December				Six months ended 30 June			
	2013		2014		2014		2015	
	HK\$'000	%	HK\$'000	%	(unaudited)		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.

SUMMARY

COMPETITIVE STRENGTHS

Our Directors consider that we possess the following competitive strengths:

- (i) We provide flexible and reliable integrated logistics solutions services to cater for customers’ needs;
- (ii) We maintain a diversified and solid customer base and long established 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 document.

BUSINESS STRATEGIES

We aim to strengthen our position as an integrated logistics solutions 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 strengthen our information technology and systems;
- (iv) Continue 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 document.

CUSTOMERS

We serve a wide and diversified customer base comprising customers in various industries, including FMCG, retailing, food and beverage and other industries. We had not less than three years of business relationship with most of our five largest customers as at the Latest Practicable Date.

SUMMARY

The table below sets out our revenue during the Track Record Period by industry type of the customers:

	Year ended 31 December				Six months ended 30 June			
	2013		2014		2014		2015	
	HK\$'000	%	HK\$'000	%	(unaudited)		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 the 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, being 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 have been maintaining business relationship with this largest customer and we are the sole logistics solutions service provider of this customer in Hong Kong for over 20 years. Customer A conducts regular inspection and assessment on our performance and set 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%, 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 Directors confirm that our service agreements with Customer A had not been stopped or suspended since we commenced business relationship with Customer A.

SUMMARY

Based on the financial information set out above, the percentage of the Group’s total revenue attributable to Customer A had decreased over the two years ended 31 December 2014 and had further decreased in the six months ended 30 June 2015. The decrease was attributable to our 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 had successfully attracted several new customers, including but not limited to 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 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 document.

SUPPLIERS

Our suppliers mainly include 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 for a period ranging from one to over 20 years 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.

Up to the Latest Practicable Date, we have been maintaining 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 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, which accounted for approximately 37.0%, 41.9% and 46.6% of our total direct cost for the corresponding period, respectively.

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 a large workforce; and (ii) increase flexibility and cost effectiveness in carrying out our services. 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.

SUMMARY

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 terms of each transaction (such as price, payment terms and delivery schedule) will be set out in the purchase order of each transaction. Our Directors are of the view that the subcontracting arrangement is common within the logistics industry. We maintained a cordial and long-term co-operative relationship with our subcontractors and will exercise all reasonable endeavours to cultivate and maintain such relationship.

Our Group engaged 16 independent subcontractors during the Track Record Period. For details, please refer to the section headed “Business — Suppliers” of this document.

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

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

OUR SHAREHOLDING STRUCTURE

The Controlling Shareholders

Immediately following 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 [REDACTED] of the issued share capital of our Company, with (i) Best Matrix (wholly owned by Mr. Lee) effectively holding [REDACTED] of the total issued share capital of our Company, (ii) Orange Blossom (wholly owned by Mr. Yeung) effectively holding approximately [REDACTED] of the total issued share capital of our Company, and (iii) Leader Speed (wholly owned by Mr. Luk) effectively holding approximately [REDACTED] 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 our Controlling Shareholder within the meaning of the GEM Listing Rules.

SUMMARY

[REDACTED] Investment

On 23 July 2015, Granada Global entered into a sale and purchase agreement with each of Orange Blossom and Leader Speed (“**Granada Global Agreement**”), 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, please refer to the section headed “History, reorganisation and corporate structure – [REDACTED] Investment” of this document.

KEY OPERATING AND FINANCIAL DATA

The following tables present the summary of our Group’s financial information for the Track Record Period. You should read the following financial information in conjunction with the financial information included in the Accountants’ Report set out in Appendix I to this document, including the notes thereto.

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

	For the year ended		For the six months ended	
	31 December		30 June	
	2013	2014	2014	2015
			(unaudited)	
	<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
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 is mainly because of 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 and the 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 the (i) weakened demand from our

SUMMARY

largest customer, Customer A, brought by the slowdown of the retail market recently due to the Occupy Central movement and the change of the government policy with regard to the limitation of PRC residents to visit Hong Kong, changes in their marketing strategies or plans or their direction of product emphasis; (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 document for more details.

Selected items in combined statements of financial position

	As at 31 December		As at 30 June
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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 due to the significant decrease in amounts due to directors of approximately HK\$27.6 million, the decrease in trade and other payables and accrued expenses of approximately HK\$2.0 million, the increase in trade and other receivables of approximately HK\$2.3 million, partially offset by the decrease in bank balances and cash of approximately HK\$12.2 million. 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

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

COMPETITIVE LANDSCAPE

According to Euromonitor, the logistics industry is fragmented and competitive. In 2013, Hong Kong had over 5,000 logistics service providers. In 2014, total revenue of the logistics industry amounted to approximately HK\$373.9 billion. We primarily compete with the competitors based on the quality of service (including reliability, responsiveness, expertise and convenience) and price.

SUMMARY

RECENT DEVELOPMENTS SUBSEQUENT TO THE TRACK RECORD PERIOD

We have continued to focus on strengthening our market position in the logistics industry. 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 revenue and cost structure have remained unchanged since 30 June 2015. Based on our unaudited financial information, our unaudited revenue for the one month ended 31 July 2015 was higher than the unaudited revenue for the one month ended 31 July 2014. It was primarily due to the higher revenue generated from our customisation services and our new customers in 2015. We had entered into a service agreement with a new customer in July 2015. Such customer is a global healthcare company that researches and develops a broad range of innovative medicines and brands.

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 the group company of Customer A. Under such financing arrangement, our Group can sell the accounts receivables of Customer A at a discounted price to such financial institution. Our Directors confirmed that as at the Latest Practicable Date, our Group [had sold HK\$10.0 million] of the accounts receivables of Customer A to the financial institution in [December 2015] prior to [REDACTED] as our Directors considered that it can strengthen our working capital for future growth opportunities. For details, please refer to the section headed “Business – Accounts receivables financing arrangement” of this document .

Repayment of amounts due to directors

As at the Latest Practicable Date, our Group had an outstanding amount due to directors of approximately HK\$20.3 million, which represented the dividends declared to our shareholders. We [had obtained] a bank loan of HK\$[25.0] million from a financial institution in Hong Kong in [December 2015]. The bank loan bears interest rate of 2.25% plus 3 months HIBOR per annum and will mature in [June 2018]. The bank loan is secured by the corporate guarantee of the Company. We [have fully settled] the amount due to the directors with this bank loan before [REDACTED] and parts of such bank loan will be repaid by parts of the net proceeds from the [REDACTED]. Details of which are further described in the section headed “Future plans and use of proceeds” in this document.

[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 consolidated statements of profit or loss and 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 statements of profit or loss and 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

SUMMARY

final amount to be recognised in the combined statements of profit or loss and comprehensive income of our Group for the year ending 31 December 2015 is subject to adjustment based on audit and the then changes in variables and assumptions.

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. In [December 2015], we [declared and paid] a dividend of HK\$[18,000,000] to our shareholders. 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.

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 document.

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;
- approximately HK\$[REDACTED], representing approximately [REDACTED] of the estimated net proceeds, for repayment of bank loan; 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 document for further information on our use of net proceeds of the [REDACTED].

SUMMARY

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 document. 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 property 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 document before making a decision to invest in the Shares. Please refer to the section headed “Risk Factors” in this document for further details.

[REDACTED] STATISTICS

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

NO MATERIAL ADVERSE CHANGE

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 document, up to the date of this document.

DEFINITIONS

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

“Accountants’ Report”	the accountants’ report on our Company set out in Appendix I to this document
“Allied Cargo Centre”	Allied Cargo Centre, Nos. 150-164 Texaco Road, Tsuen Wan, New Territories, Hong Kong
“Articles” or “Articles of Association”	the articles of association of the Company adopted on [23 November 2015] and as amended from time to time, a summary of which is set out in Appendix III to this document
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Audit Committee”	the audit committee of the Board
“Best Matrix”	Best Matrix Global Limited, a company incorporated in BVI on 8 April 2015 with limited liability which is wholly owned by Mr. Lee
“Board”	the board of Directors
“business day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“CAGR”	an acronym for compound annual growth rate
“Capitalisation Issue”	the allotment and issue of [REDACTED] Shares upon capitalisation of an amount of HK\$[REDACTED] out of the share premium account of the Company as referred to under the paragraph headed “Written resolutions of the Shareholders” in Appendix IV to this document
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant

DEFINITIONS

“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedure and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“CCASS Participant”	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“Companies Law”	the Companies Law (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	World-Link Logistics (Asia) Holding Limited (環宇物流(亞洲)控股有限公司), a company incorporated in the Cayman Islands on 27 July 2015 as an exempted company with limited liability
“Concert Parties Confirmatory Deed”	the confirmatory deed dated 24 August 2015, entered into by our ultimate Controlling Shareholders, namely Mr. Yeung, Mr. Lee and Mr. Luk to acknowledge and confirm, among other things, that they are parties acting in concert in relation to our Group, details of which are set out in the section headed “History, Reorganisation and Corporate Structure – Parties acting in concert” of this document
“connected person(s)”	has the same meaning ascribed to it under the GEM Listing Rules

DEFINITIONS

“Controlling Shareholders”	the controlling shareholders (having the meaning ascribed to it under the GEM Listing Rules) of the Company, in the context of this document, means Mr. Yeung, Mr. Lee, Mr. Luk, Orange Blossom, Best Matrix and Leader Speed
“Deed of Indemnity”	the deed of indemnity dated [23 November 2015] provided by the Controlling Shareholders in favour of the Group relating to, among other matters, the tax liabilities of the Group
“Director(s)”	the director(s) of our Company
“ERP”	enterprise resources planning
“Euromonitor”	Euromonitor International Limited, a market research firm and an Independent Third Party
“Euromonitor Report”	an independent market research report commissioned by the Company and issued by Euromonitor
“FMCG”	fast-moving consumer goods, such as diapers, tissues and toothpaste
“GDP”	gross domestic product
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM (as amended, supplemented or otherwise modified from time to time)
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Granada Global”	Granada Global Limited, a company incorporated in BVI on 9 June 2015 with limited liability which is wholly owned by Mr. Chan

DEFINITIONS

“Group”, “our Group”, “we”, “us” or “our”	our Company together with its subsidiaries or, where the context requires, in respect of the period before our Company became the holding company of its present subsidiaries, the companies which carried on the business of the present Group at the relevant time
“HIBOR”	Hong Kong interbank offered rate
“HK\$” or “HK dollar(s)” or “HKD” and “cent(s)”	Hong Kong dollar(s) and cent(s) respectively, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“HK Legal Advisers”	TC & Co., the legal advisers to the Company as to Hong Kong laws
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party or parties that is or are independent of and not connected with our Company and connected persons of our Company within the meaning of the GEM Listing Rules
“Kong Billion”	Kong Billion Development Limited (港億發展有限公司), a company incorporated in Hong Kong on 5 November 2008 with limited liability which is wholly owned by Mr. Luk
“Latest Practicable Date”	[7 September] 2015, being the latest practicable date for ascertaining certain information prior to the printing of this document
“Leader Industrial Centre”	Leader Industrial Centre, No. 200 Texaco Road, Tsuen Wan, New Territories, Hong Kong
“Leader Speed”	Leader Speed Limited, a company incorporated in BVI on 27 May 2015 with limited liability which is wholly owned by Mr. Luk
“LPG”	liquefied petroleum gas
“[REDACTED]”	the [REDACTED] of the Shares on GEM
“[REDACTED] Date”	the date on which dealings in the Shares on GEM first commence, which is expected to be on [REDACTED]

DEFINITIONS

“Listing Division”	the listing division of the Stock Exchange (with responsibility for GEM)
“Memorandum” or “Memorandum of Association”	the memorandum of association of the Company adopted upon the incorporation of our Company and as amended from time to time
“Mr. Chan”	Mr. Chan Ping Cheung (陳秉章), a [REDACTED] investor investing in the Group through Granada Global
“Mr. Lee”	Mr. Lee Kam Hung (李鑑雄), an executive Director and a Controlling Shareholder
“Mr. Lee’s Confirmatory Deed”	the confirmatory deed executed by Mr. Lee on 9 September 2015, pursuant to which Mr. Lee confirmed that he held 20 shares of World-Link Packing in trust for and on behalf of Mr. Yeung during the period between 16 September 1996 and 21 July 2009
“Mr. Luk”	Mr. Luk Yau Chi, Desmond (陸有志), an executive Director and a Controlling Shareholder
“Mr. Yeung”	Mr. Yeung Kwong Fat (楊廣發), an executive Director, the chairman of the Board, the chief executive officer of the Company and a Controlling Shareholder
“Mrs. Lee”	Ms. Chan Pik Shan (陳碧珊), the spouse of Mr. Lee
“Mrs. Lee’s Confirmatory Deed”	the confirmatory deed executed by Mrs. Lee on 9 September 2015, pursuant to which Mrs. Lee confirmed that she held 1,000 shares of World-Link Roadway in trust for and on behalf of Mr. Yeung during the period between 5 October 1990 and 21 July 2009
“Nomination Committee”	the nomination committee of the Board
“Occupational Safety and Health Ordinance”	the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Octal Capital” or “Sole Sponsor”, [REDACTED]	Octal Capital Limited, a licensed corporation under the SFO and permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activity as defined under the SFO, acting as the sole sponsor, [REDACTED] to the [REDACTED]

DEFINITIONS

[REDACTED]

“Orange Blossom”	Orange Blossom International Limited, a company incorporated in BVI on 18 May 2015 with limited liability which is wholly owned by Mr. Yeung
“[REDACTED]”	the conditional [REDACTED] by the Underwriters on behalf of our Company of the [REDACTED] for cash at the [REDACTED], as further described under the section headed “Structure and Conditions of the [REDACTED]” in this document
“[REDACTED]”	the [REDACTED] of HK\$[REDACTED] per [REDACTED] (exclusive of any brokerage fee, SFC transaction levy and Stock Exchange trading fee)
“[REDACTED]”	[REDACTED] new Shares being offered by the Company for subscription at the [REDACTED] under the [REDACTED], a [REDACTED] means one of these Shares
“PRC” or “China”	the People’s Republic of China, for the purpose of this document, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Predecessor Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force from time to time before 3 March 2014
“Real Runner”	Real Runner Limited, a company incorporated in BVI on 29 May 2015 with limited liability which is wholly owned by the Company
“Remuneration Committee”	the remuneration committee of the Board
“Reorganisation”	the corporate reorganisation of the Group in preparation for [REDACTED] as more particularly described in the paragraph headed “History, Reorganisation and Corporate Structure – Reorganisation” in this document

DEFINITIONS

“Reorganisation Agreement”	the reorganisation agreement dated [●] entered into by Orange Blossom, Best Matrix, Leader Speed, Granada Global and the Company, pursuant to which the Company acquired the entire issued share capital of Real Runner from Orange Blossom, Best Matrix, Leader Speed and Granada Global, and in consideration thereof, the Company allotted and issued as fully paid 372 Shares to Orange Blossom, 396 Shares to Mr. Lee, 192 Shares to Leader Speed and 30 Shares to Granada Global
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company pursuant to a resolution passed by the Shareholders on [23 November 2015], the principal terms of which are summarised in the paragraph headed “Share Option Scheme” in Appendix IV to this document
“sq.ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the GEM Listing Rules, unless the context otherwise requires
“Substantial Shareholder(s)”	substantial shareholder(s) of the Company having the meaning ascribed to it in the GEM Listing Rules
“Track Record Period”	the two years ended 31 December 2014 and the six months ended 30 June 2015
“Underwriter(s)”	the underwriter(s) of the [REDACTED] named in the section headed “Underwriting – Underwriters” of this document

DEFINITIONS

“Underwriting Agreement”	the conditional underwriting agreement dated [REDACTED] and entered into between, inter alia, our Company, the executive Directors, the Sponsor, and the Underwriters, particulars of which are set out in the section headed “Underwriting” in this document
“US”	the United States of America
“USD” or “US dollars”	United States dollars, the lawful currency of the United States
“World-Link Roadway”	World-Link Roadway System Company Limited, a company incorporated in Hong Kong with limited liability on 3 August 1990 and wholly owned by the Company
“World-Link Packing”	World-Link Packing House Company Limited (環宇貨業包裝有限公司), a company incorporated in Hong Kong with limited liability on 14 November 1995 and wholly owned by the Company
“%”	per cent.

Unless otherwise specified, for the purpose of this document, amounts denominated in USD are translated into HK\$ at the rate of HK\$7.78 = USD1.00.

The above exchange rate is for the purpose of illustration only and no representation is made that any amounts in USD have been, would have been or may be converted, at these or any other rates or at all.

FORWARD-LOOKING STATEMENTS

Our Company has included in this document forward-looking statements that are not historical facts, but relate to its intentions, beliefs, expectations or predictions for future event. These forward-looking statements are contained principally in the sections entitled “Summary”, “Risk Factors”, “Industry Overview”, “Business”, and “Financial Information”, which are, by their nature, subject to risks and uncertainties.

In some cases, our Company uses the words “aim”, “anticipate”, “believe”, “continue”, “could”, “expect”, “intend”, “may”, “plan”, “potential”, “predict”, “project”, “propose”, “seek”, “should”, “will”, “would” and similar expressions or statements to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- its business strategies and plans of operations;
- its capital expenditure and funding plans;
- the Group’s business prospects;
- general economic conditions;
- capital market development;
- the trends of industry and technology;
- certain statements in “Financial Information” with respect to trends in prices, volumes, operations;
- margins, overall market trends, risk management and exchange rates;
- the regulatory environment for the logistic industry in general; and
- other statements in this document that are not historical fact.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond the control of our Company. In addition, these forward-looking statements reflect the current views of the Company with respect to future events and are not a guarantee of future performance.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to those discussed under the section headed “Risk Factors” and elsewhere in this document.

FORWARD-LOOKING STATEMENTS

These forward-looking statements are based on current plans and estimates, and speak only as of the date they are made. Our Company undertakes no obligation to update or revise any forward-looking statement in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond the control of the Company. The Company cautions you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way our Company expects, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this document are qualified by reference to these cautionary statements.

RISK FACTORS

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

RISKS RELATING TO OUR LARGEST CUSTOMER

We rely on our largest customer, Customer A

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

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

We are dependent on our customers' business performance, in particular Customer A, in Hong Kong

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

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

RISK FACTORS

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

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

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

RISKS RELATING TO OUR BUSINESS

We rely on our largest supplier, Supplier A

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

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

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

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

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

RISK FACTORS

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

Our leased properties are lack of mortgagee’s consent

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

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

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

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

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

RISK FACTORS

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

We may not be able to sustain the net profit margin

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

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

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

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

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

RISK FACTORS

Our success depends on key management personnel

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

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

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

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

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

Our Group recorded net current liabilities as at 31 December 2013

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

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

RISK FACTORS

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

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

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

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

RISKS RELATING TO OUR INDUSTRY

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

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

RISK FACTORS

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

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

RISKS RELATING TO THE [REDACTED]

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

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

Shareholders’ equity interests may be diluted

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

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

RISK FACTORS

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

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

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

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

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

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

RISKS RELATING TO THE STATEMENTS MADE IN THIS DOCUMENT

Statistics and facts in this document have not been independently verified

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

RISK FACTORS

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

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

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

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

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

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Residential Address	Nationality
<i>Executive Directors</i>		
Mr. Yeung Kwong Fat (楊廣發)	Flat A, 11/F, Block 3 19 Braemar Hill Road North Point Hong Kong	Chinese
Mr. Lee Kam Hung (李鑑雄)	Flat A4, 11/F Fook Kwan Building 31 Ka Shin Street Tai Kwok Tsui Kowloon Hong Kong	Chinese
Mr. Luk Yau Chi, Desmond (陸有志)	Flat A, 15/F, Block 4 Site 12 Whampoa Garden 3 Tak Hong Street Hung Hom Kowloon Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
Mr. Poon Ka Lee, Barry (潘家利)	Flat 9A, Block 3 Pokfulam Garden Pokfulam Road Hong Kong	Chinese
Ms. Yam Ka Yue (任嘉裕)	22C, Yuan Kung Mansion Tai Koo Shing Hong Kong	Chinese
Mr. How Sze Ming (侯思明)	Flat D, 50/F, Tower 3 Metro Town Tseung Kwan O New Territories Hong Kong	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor, [REDACTED] Octal Capital Limited
a licensed corporation under the SFO and permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activity as defined under the SFO
801-805, 8th Floor
Nan Fung Tower
88 Connaught Road Central
Hong Kong

Underwriters [●]

Legal advisers to our Company *As to Hong Kong law*
TC & Co.
Solicitors, Hong Kong
Units 2201-3, 22/F, Tai Tung Building
8 Fleming Road, Wanchai
Hong Kong

As to Cayman Islands Law
Appleby
Cayman Islands attorneys-at-law
2206-19 Jardine House
1 Connaught Place
Central
Hong Kong

Legal advisers to the Sole Sponsor and the [REDACTED] as to Hong Kong law Hastings & Co.
Solicitors, Hong Kong
5th Floor, Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong

Auditors and reporting accountants Deloitte Touche Tohmatsu
Certified Public Accountants
35/F One Pacific Place
88 Queensway
Hong Kong

CORPORATE INFORMATION

Registered office	Appleby Trust (Cayman) Ltd. Clifton House 75 Fort Street P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Headquarters, head office and principal place of business in Hong Kong	3/F, Allied Cargo Centre Nos. 150-160 Texaco Road Tsuen Wan New Territories
Authorised representatives	Mr. Yeung Kwong Fat Flat A, 11/F, Block 3 19 Braemar Hill Road North Point Hong Kong Ms. Leung Ho Yee Room 1414, Mei Wui House Shek Kip Mei Estate Shek Kip Mei Hong Kong
Company secretary	Ms. Leung Ho Yee Room 1414, Mei Wui House Shek Kip Mei Estate Shek Kip Mei Hong Kong
Compliance officer	Mr. Luk Yau Chi, Desmond Flat A, 15/F, Block 4 Site 12 Whampoa Garden 3 Tak Hong Street Hung Hom Kowloon Hong Kong
Members of the Audit Committee	Mr. Poon Ka Lee, Barry (<i>Chairman</i>) Mr. How Sze Ming Ms. Yam Ka Yue
Members of the Remuneration Committee	Mr. How Sze Ming (<i>Chairman</i>) Mr. Luk Yau Chi, Desmond Ms. Yam Ka Yue

CORPORATE INFORMATION

Members of the Nomination Committee	Mr. Yeung Kwong Fat (<i>Chairman</i>) Mr. Poon Ka Lee, Barry Ms. Yam Ka Yue
Cayman Islands, principal share registrar and transfer office	[REDACTED]
Hong Kong branch share registrar and transfer office in the Cayman Islands	[REDACTED]
Principal bankers	Fubon Bank (Hong Kong) Limited G/F & 1/F, Wing On Mansion 22–28 Tai Ho Toad Tsuen Wan New Territories The Bank of East Asia, Limited Bank of East Asia Building 10 Des Voeux Road Central Hong Kong
Compliance adviser	Octal Capital Limited <i>a licensed corporation under the SFO and permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activity as defined under the SFO</i> 801-805, 8th Floor Nan Fung Tower 88 Connaught Road Central Hong Kong
Website of our Company	<u>www.world-linkasia.com</u> (information contained in this website does not form part of this document)

INDUSTRY OVERVIEW

This section contains certain information which is derived from various official government or publicly available sources and from the market research report prepared by Euromonitor which was commissioned by us, unless otherwise indicated. We believe that the sources of such information are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information has not been independently verified by us, our Controlling Shareholders, the Sole Sponsor, any other party involved in the [REDACTED] or their respective directors, officers, employees, advisers, agents and no representation is given as to the accuracy or completeness of such information. Accordingly, such information should not be unduly relied upon.

The Sole Sponsor and our Directors have exercised reasonable care in reproducing market data disclosed in this document, and have no reasonable ground to believe and do not believe that any such information being included in this document is untrue. Our Directors have further confirmed that, after taking reasonable care, there is no adverse change in the market information since the date of the Euromonitor Report, which may qualify, contradict or have an impact on the information as disclosed in this section.

SOURCE OF INFORMATION

Euromonitor Report & research methodology

Euromonitor, an Independent Third Party, is a global research organisation and provider of international market intelligence on consumer products, services and lifestyles. It was commissioned by our Group in June 2015 to produce the Euromonitor Report on the logistics industry in Hong Kong, at a fee of US\$46,200 (equivalent to approximately HK\$359,436). Figures and statistics provided in this document and attributed to Euromonitor or the Euromonitor Report have been extracted from the Euromonitor Report and published with the consent of Euromonitor.

For the market data disclosed in this document, Euromonitor primarily undertook top-down central research with bottom-up intelligence to present a more comprehensive and accurate picture of the logistics industry in Hong Kong. The information quoted from Euromonitor Report is not official government information. Methodology conducted by Euromonitor provides a roadmap to interpret the reasonable ground.

Euromonitor’s detailed primary research involved (a) detailed desk research using information from its database, regulatory authorities in Hong Kong’s trade associations and companies’ annual reports and where national statistics are quoted in its report, these were taken from the most updated published official statistics, where available; and (b) trade interviews with trade associations and leading industry players.

The bases and assumptions for the projections in the Euromonitor Report include the following:

- The Hong Kong economy is expected to maintain steady growth over the forecast period;
- The Hong Kong social, economic, and political environment is expected to remain stable in the forecast period;

INDUSTRY OVERVIEW

- There will be no external shock, such as financial crisis or raw material shortage that affects the demand and supply of the logistics industry in Hong Kong during the forecast period;
- Key market drivers such as strong performance of total trade and healthy retail industry performances are expected to boost the development of the logistics industry; and
- Key drivers including increasing popularity of contract logistics is likely to drive the future growth of the logistics industry.

The research results may be affected by the accuracy of these assumptions and the choice of these parameters. The market research was completed in September 2015 and all statistics in the Euromonitor Report are based on information available at the time of reporting. Euromonitor’s forecast data comes from analysis of historical development of the market, the economic environment and underlying market drivers, and is cross-checked against established industry data and trade interviews with industry experts.

DIRECTORS’ CONFIRMATION

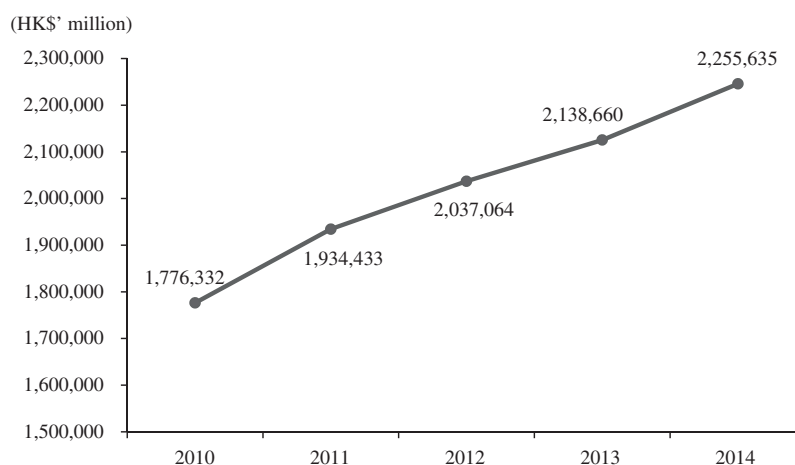
Our Directors confirm that after taking reasonable care, there is no material adverse change in the market information since the date of the Euromonitor Report which may qualify, contradict or have an impact on the information in this section.

OVERVIEW OF HONG KONG MACRO-ECONOMIC ENVIRONMENT

GDP

Hong Kong enjoyed steady economic expansion from 2009 to 2014, recording 6.2% CAGR over the five-year period. The economy rebounded strongly from recessionary pressures of 2009 to 2010, brought about by the global financial crisis, largely due to increased government expenditure on capital investment including infrastructure and technology. Although Hong Kong was left largely unscathed by the financial contagion, it remains vulnerable to the global slowdown in export demand. Despite these headwinds, Hong Kong’s GDP rose 5.5% in 2014, totaling approximately HK\$2,255.6 billion.

GDP from 2010 to 2014



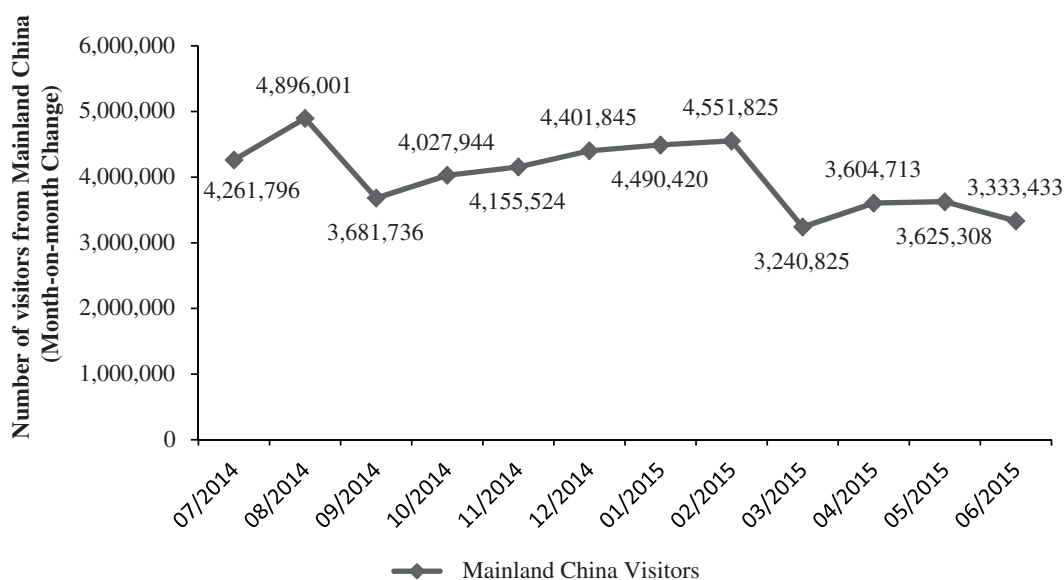
Source: Census and Statistics Department of Hong Kong, Hong Kong Tourism Board

INDUSTRY OVERVIEW

Visitors from the PRC

The number of visitors from the PRC increased from approximately 4.26 million in July 2014 to 4.90 million in August 2014 and then dropped to approximately 3.68 million in October 2014. For the following five consecutive months, the number has slightly increased until February 2015 with the visitor numbers of approximately 4.55 million. After the Chinese New Year holiday, the number of visitors from the PRC dropped again to approximately 3.24 million in March 2015 and increased to approximately 3.6 million in April 2015. After the announcement that Shenzhen residents would be limited to one visit per week instead of multiple-entry individual visit from 13 April 2015, the number of visitors from the PRC in May 2015 was as stable as April 2015 with the number of visitors of approximately 3.6 million, but then reduced by 8.05% to 3.3 million in June 2015.

The following chart sets forth the number of visitor from Mainland China to Hong Kong from July 2014 to June 2015:



Source: The Hong Kong Tourism Board, Monthly Reports – Visitor Arrivals Statistics

Retail sales

Total retail sales

The retail trade is one of the largest service sectors in Hong Kong with about 65,900 establishments in the trade, accounting for 4.3% of Hong Kong’s GDP in 2014. Total retail sales in Hong Kong grew from approximately HK\$325.0 billion in 2010 to HK\$493.2 billion in 2014, registering a strong CAGR of 11%. The overall strong growth of retail value sales from 2010 to 2014 were mainly fuelled by sales of high-ticket items such as cosmetics and skincare products, clothing, jewellery and watches. Luxury products were particularly favoured by Mainland China visitors due to the tax difference and quality assurance. Strong growth in disposable income among local consumers has also supported development of retailing industry in Hong Kong.

INDUSTRY OVERVIEW

There was a slight decline in total value of retail sales from 2013 to 2014 because retail and commercial businesses within tourist and central business district areas including Central and Mongkok have been negatively affected by the Occupy Central movement occurred in the 4th quarter of 2014. While trade respondents shared that Occupy Central movement has eroded 20% to 30% of the average receipts as compared to the previous year in the affected areas but most remain optimistic of minimal spillover effects of the civil demonstration into 2015.

Retail sales for food, alcoholic drinks, and tobacco

Value of retail sales for food, alcoholic drinks, and tobacco grew from approximately HK\$68.4 billion in 2010 to HK\$89.5 billion in 2014, registering a CAGR of 6.9% from 2010 to 2014. Growth of sales on food items were supported by increasing sophistication and improved disposable incomes, which enable local customers to be more appreciative of premium products. Hikes in raw material costs have further spurred value growth of food items as well.

	2010 <i>HK\$'</i> <i>million</i>	2011 <i>HK\$'</i> <i>million</i>	2012 <i>HK\$'</i> <i>million</i>	2013 <i>HK\$'</i> <i>million</i>	2014 <i>HK\$'</i> <i>million</i>
Value of total retail sales	324,966	405,732	445,498	494,451	493,236
Value of retail sales for food, alcoholic drinks and tobacco	68,438	75,324	80,567	84,914	89,511

Source: Census and Statistics Department of Hong Kong, Hong Kong Tourism Board

OVERVIEW OF LOGISTICS INDUSTRY

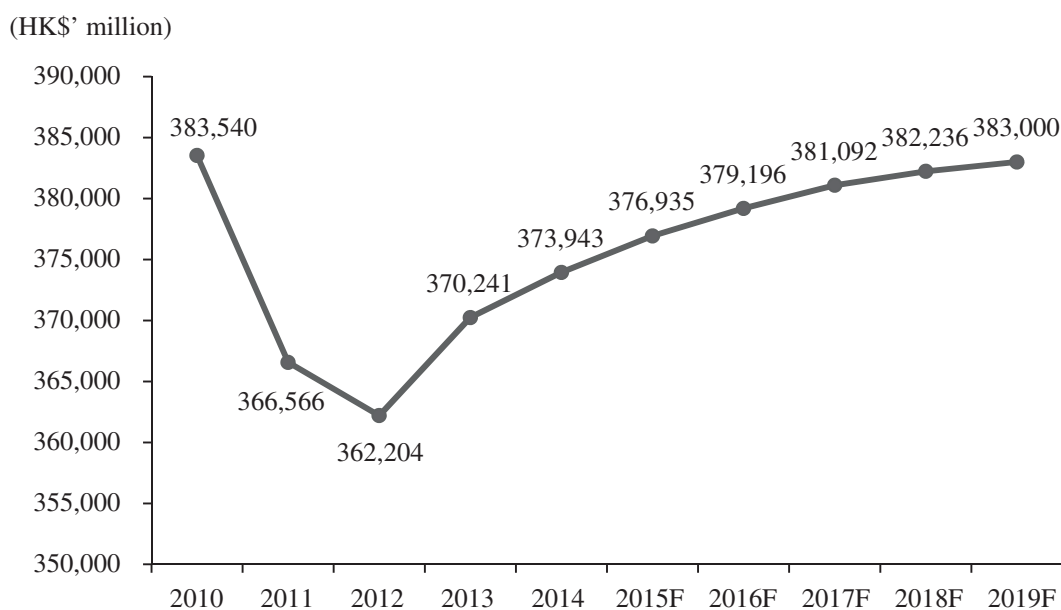
Hong Kong, as one of the busiest transportation hub in the world, provides a diverse range of logistics service for buyers, manufacturers as well as retailers. The industry is largely dominated by freighting and warehousing services, while other valued added services such as third party forwarding, packing, sorting and distribution has optimise the overall selection and comprehensiveness of services available in Hong Kong.

Revenue of logistics industry were largely influenced by global economy. In 2014, revenue of logistics industry amounted to approximately HK\$373.9 billion. Revenue of logistics industry declined from 2010 to 2012 due to decline in the number of service providers amid global economic downturn. The trend stopped in 2012 and the revenue of logistics industry rise by 2.2% in 2013 and 1.0% in 2014 as interaction and trading with mainland China picked up gradually.

INDUSTRY OVERVIEW

From 2015 to 2019, the industry is expected to maintain a CAGR of 0.4%, with industry revenue reaching approximately HK\$383.0 billion in 2019. The growth of revenue will be affected by both excellent logistics facilities in Hong Kong as well as the repercussion of political tension between Hong Kong and mainland China after outbreak of Occupy Central movement which happened during the end of 2014.

Total revenue of logistics industry in Hong Kong from 2010 to 2019F



Source: Euromonitor estimates from desk research and trade interviews with owners/ landlords of private commercial retail property and the relevant associations

Warehousing services

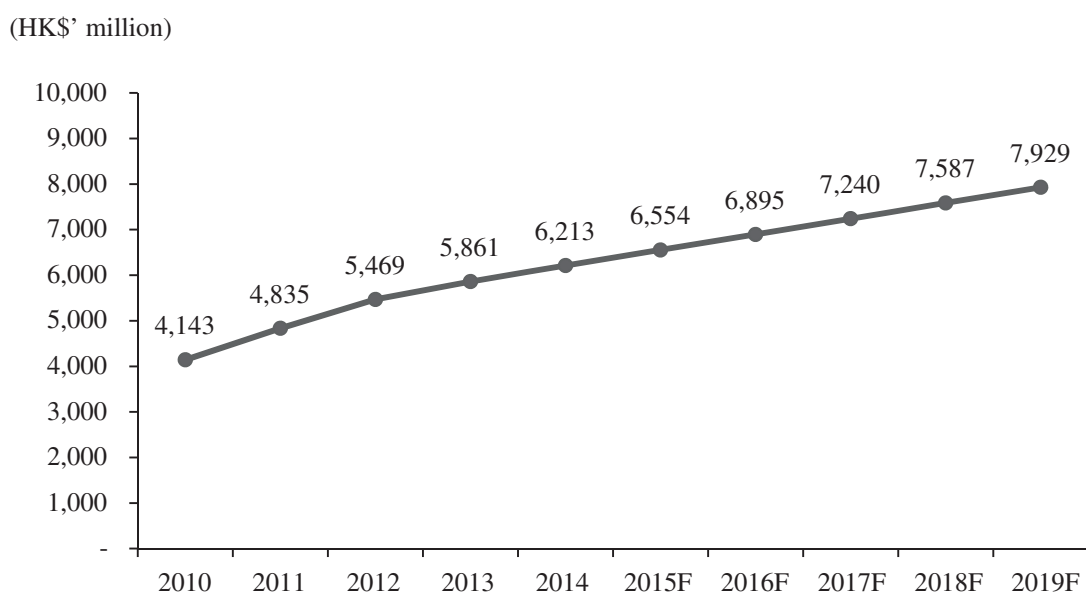
Warehousing services in Hong Kong includes operation of storage and warehouse facilities for all kind of goods such as general merchandise warehouses, refrigerated warehouses or storage tanks. There are 403 warehousing establishments in Hong Kong in 2013.

According to the Euromonitor Report, revenue of warehousing services in Hong Kong amounted to approximately HK\$6,213 million in 2014, registering a CAGR of 10.7% from 2010 to 2014. The overheated property market in Hong Kong drove up rental across the island, contributing to higher warehousing receipts.

From 2015 to 2019, the growth will moderate as growth of property prices stabilize and Mainland China tourists cutting back shopping in Hong Kong. Revenue of warehousing services will have CAGR of 4.9% from 2015 to 2019, bringing revenue to HK\$7,929 million for the warehousing services by 2019.

INDUSTRY OVERVIEW

Total revenue generated from warehousing services in Hong Kong from 2010 to 2019



Source: Euromonitor estimates from desk research and trade interviews with owners/landlords of private commercial retail property and the relevant associations

COMPETITIVE LANDSCAPE OF LOGISTICS INDUSTRY IN HONG KONG

According to Euromonitor, there are over 5,000 logistics service providers in Hong Kong in 2013. As there is no professional requirement for the logistics industry, the market entry threshold is low, and the market is fragmented with small and medium players.

The leading logistics service providers have more business resources to sign global servicing contract with multi-national companies, they tend to provide comprehensive services from freight forwarding, supply chain management solutions, customs clearance, freight tracking and monitoring, to distribution solutions.

In general, the smaller freight forwarders provide more basic and economical services. Related services involved in the import/export process, such as the preparation of shipping documentation, customs clearance and logistics, may be undertaken by the import and export traders or their agents. The smaller firms do provide more flexibility and more personalised services.

INDUSTRY OVERVIEW

The table below sets forth the five leading logistics service providers in terms of revenue receipts in Hong Kong in 2014:

Ranking	Company Name	Service offering	Listed or unlisted	Company Background
1	Company A	Logistics, warehousing, freight forwarding	Listed in Hong Kong	Company A is the largest logistics company in the PRC, with business covering various aspects of logistics business, including ocean transportation, air transportation, trucking, freight forwarding, storing and warehousing business.
2	Company B	Logistics, warehousing, freight forwarding, express cargo	Listed overseas	Company B is a leading global brand in the logistics industry. It provides customers with logistics services along the entire supply, offering warehousing, distribution, managed transport and value-added services as well as business process outsourcing, supply chain management and consulting solutions.
3	Company C	Logistics, warehousing, freight forwarding	Listed in Hong Kong	Company C has a large distribution network and hub operations in the PRC. Services provided by Company C encompass integrated logistics, international freight forwarding and supply chain solutions.
4	Company D	Logistics, warehousing, freight forwarding	Unlisted	Company D is a full service transportation and logistics company with freight management and contract logistics operations spanning 950 locations in 170 countries. It focuses on market segments such as automotive, tires, hi-tech and electronics, consumer/ retail, publishing and media industries.
5	Company E	Logistics, warehousing, freight forwarding	Listed overseas	Company E is a Swiss company, which provides forwarding and logistics services, specializing in intercontinental air and ocean freight and associated supply chain management solutions.

Source: Euromonitor estimates from desk research and trade interviews with owners/ landlords of private commercial retail property and the relevant associations in Hong Kong

INDUSTRY OVERVIEW

BARRIERS TO ENTRY

In general, there are little barriers of entry to the industry. The required capital for new comers to set up its office in Hong Kong depends on the types of services it provides. The key difficulties for new comers in the industry are high operation cost and difficult to acquire talent.

High operation costs

The operating cost for logistics services industry is high, mainly due to the high labour cost and high insurance fee for vehicles, labour and vessels. The nature of high operating cost has weakened the ability for companies to earn a decent profit margin; hence the ability for new comers to withstand possible future declines in demand is weak.

Difficulties in acquiring talents

Hong Kong is a well-developed city, graduates or younger labour has less intention to work as a low-skilled labour, even with the basic salary of logistics industry higher than some of the other industries in Hong Kong. On the other hand, to succeed in the logistics industry requires extensive industry knowledge and expertise, which can only be obtained through years of working in the industry. New comers often cannot find experienced employees without aggressively headhunting for talents.

FUTURE OPPORTUNITIES AND THREATS TO THE LOGISTICS INDUSTRY

Opportunities

Free trade economy and low tax regime

The combination of free trade economy and low tax regime is the unique competitive advantage for Hong Kong that competing ports in the PRC could not replicate, which will continue to sustain Hong Kong’s position as logistics centre for East Asia in the future. In addition, the advanced infrastructure of logistics services in Hong Kong will ensure customers are provided with efficient logistics solutions as well.

Technology Innovation

Technology advancement such as the automation system and supply chain monitoring software could drive the growth of the industry by reducing the labour intensity for logistics service providers, hence lower the cost and increase the revenue receipt of the industry going forward.

Future technology advancement also brings new demands for logistics services providers in Hong Kong. Such demands are come from the fast growing ecommerce business all over the world over the past three years.

INDUSTRY OVERVIEW

Integrated logistics services on the rise

The logistics industry has evolved in sophistication over the years. A shift from merely transportation and warehousing services to customized and integrated logistics service is presenting new opportunities to the market. As outsourcing continue its momentum, value-added services such as repacking, labelling, and tag hanging will help customers of the logistics industry, like Food and beverage and retailing to reduce cost and enhance value chain management. In addition, customers can also have their products and goods repacked or relabeled to comply with the local packing or labelling rules and requirements.

Online retailing creating new customer demands

The development of online retailing and logistic platform opens up a new source of demand for logistic service in Hong Kong. The online retailing sector requires a reliable and efficient logistics service providers to handle numerous orders, and small sized orders.

The logistics services providers in Hong Kong have the advantage in their matured distribution channel and experienced management system to handle such orders, compared to services providers in China. By utilising the competitive advantages for the industry players in Hong Kong, logistics service providers could catch the opportunities by adapting to the change in the retailing model in the market, in order to achieve a higher growth rate on the revenue receipt for the overall industry.

Threats

Rising labor costs squeezing profit margins for players

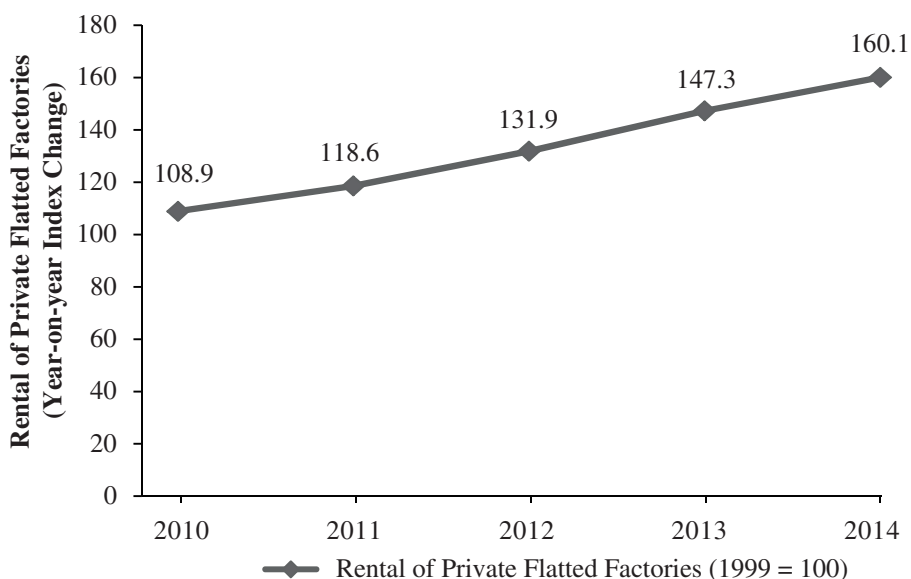
Labor costs are rising due to shortage of low-skilled labour to join the logistics industry as well as implementation of minimum wages. In 2015, the Hong Kong government revised the minimum wage upwards from HK\$30 per hour to HK\$32.5 per hour after adjusting from HK\$28 to HK\$30 in 2013. The adjustment had immediate impact on the logistics industry.

Property prices in Hong Kong driving up rental costs

The rental cost is also one of the main contributors on the rising operating cost in Hong Kong, especially during the overheated period of the property market from 2010 to 2013. With an average factory rental index base 100 of year 1999, the rental price index has recorded an increasing growth rate during the past decade from 108.9 in 2010 to the highest index 160.1 in 2014 due to the higher demand but with limited supply of factory spaces.

INDUSTRY OVERVIEW

The following chart sets forth the price indices of private flatted factories from 2010 to 2014:



Source: Rating and Valuation Department, *Hong Kong Property Review – Monthly Supplement August 2015*

Fast growing competition from nearby ports

The competitors nearby, especially Shenzhen, the PRC, is offering a much lower cost for logistics services compare to Hong Kong. The low cost advantage as well as the fast growing economy of the PRC has shifted the focus of some logistics service providers from Hong Kong to Shenzhen and Shanghai, hence negatively affecting the growth of industry receipts. The abundant land for development of logistics infrastructure as well as low waged labor is posing Shenzhen for higher expansion potential.

REGULATORY OVERVIEW

HONG KONG REGULATORY OVERVIEW

This section sets forth the major areas of Hong Kong laws and regulations in relation to the operation of our business in Hong Kong during the Track Record Period.

Gas Safety (Gas Supply) Regulations (Chapter 51B of the Laws of Hong Kong) (“GS(G)R”)

Regulation 3(1) of the GS(G)R provides that no person shall (a) carry out any construction work in connection with the erection, relocation or major alteration of a notifiable gas installation, or major repairs of a structural nature to a notifiable gas installation unless such work has construction approval; or (b) use any notifiable gas installation to which any construction approval relates unless the use of such installation is approved by the Director of the Electrical and Mechanical Services Department. Under the GS(G)R, “notifiable gas installation” means a gas installation which is, or consists of, or uses, among other things, terminals for the importation of liquefied petroleum gas or natural gas in liquid form.

Any person who contravenes regulation 3(1) commits an offence and is liable on conviction to a fine of HK\$25,000 and to imprisonment for six months and, in the case of a continuing offence, to a daily penalty of HK\$2,000.

As part of our Group’s warehouse is used for storing aerosol cans, which contained liquefied petroleum gas as propellant, compliance with the GS(G)R is required.

Reserved Commodities (Control of Imports, Exports and Reserve Stocks) Regulations (Chapter 296A of the Laws of Hong Kong) (“RC(C)R”)

Regulation 10 of the RC(C)R provides that the Director-General of Trade and Industry and any Deputy or Assistant Director-General of Trade and Industry may approve any godown, store or other place as a reserved commodity storage place either generally or limited to a specified period, a specified reserved commodity or a specified quantity of a reserved commodity and may attach to such approval such conditions as he thinks fit. Under the RC(C)R, “reserved commodity” means rice, with or without husk, and milled or unmilled. Entity approved as a rice storage place is required to submit monthly returns on storage of rice to the Trade and Industry Department.

As part of our Group’s warehouse is used as rice storage place, compliance with the RC(C)R is required.

Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong) (“FIUO”)

The FIUO provides for the safety and health protection of workers in an industrial undertaking. Under the FIUO, “industrial undertaking” includes but not limited to the loading, unloading, or handling of goods or cargo at any dock, quay, wharf, warehouse or airport; and a “proprietor” means the person for the time being having the management or control of the business carried on in, inter alia, an industrial undertaking.

REGULATORY OVERVIEW

Under section 6A of the FIUO, a proprietor of a relevant industrial undertaking must ensure the safety and health at work of all his employees. A proprietor who contravenes its duty under the FIUO commits an offence and is liable to a fine of HK\$500,000. In the case of a wilful contravention without reasonable excuse, such proprietor commits an offence and is liable to a fine of HK\$500,000 and to imprisonment for 6 months.

Under the FIUO, there are 30 sets of subsidiary regulations covering various aspects of hazardous work activities in factories, building and engineering construction sites, catering establishments, cargo and container handling undertakings and other industrial workplaces. The subsidiary regulations prescribe detailed safety and health standards on work situations, plant and machinery, processes and substances.

Factories and Industrial Undertakings (Loadshifting Machinery) Regulation (Chapter 59AG of the Laws of Hong Kong) (“FIU(L)R”)

Under regulation 3 of the FIU(L)R, the responsible person of a loadshifting machine shall ensure that the machine is only operated by a person who (a) has attained the age of 18 years; and (b) holds a valid certificate applicable to the type of loadshifting machine to which that machine belongs. Under the FIU(L)R, loadshifting machines used in industrial undertakings refer to fork-lift trucks.

Under regulation 8 of the FIU(L)R, a responsible person who without reasonable excuse contravenes regulation 3 commits an offence and is liable to a fine of HK\$50,000.

As fork-lift trucks are used in the warehouses of our Group, compliance with the FIU(L)R is required.

Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) (“OSHO”)

The OSHO provides for the safety and health protection to employees in workplaces, both industrial and non-industrial.

Under section 6 of the OSHO, employers must ensure the safety and health in their workplaces, so far as reasonably practicable, by:

- (a) providing and maintaining plant and work systems that are safe and do not endanger health;
- (b) making arrangements for ensuring safety and health in connection with the use, handling, storage or transport of plants and substances;
- (c) providing all necessary information, instruction, training, and supervision for ensuring safety and health;
- (d) providing or maintaining safe means of access to and egress from the workplaces; and
- (e) providing or maintaining a safe and healthy working environment.

REGULATORY OVERVIEW

Under section 6 of the OSHO, failure to comply with the above provisions constitutes an offence and the employer is liable on conviction to a fine of HK\$200,000. An employer who fails to do so intentionally, knowingly or recklessly commits an offence and is liable on conviction to a fine of HK\$200,000 and to imprisonment for six months.

Under section 9 of the OSHO, the Commissioner for Labour may also issue improvement notices against non-compliance of this ordinance or the FIUO. Failure to comply with such notices constitutes an offence punishable by a fine of HK\$200,000 and imprisonment of up to 12 months.

Under section 10 of the OSHO, the Commissioner of Labour may issue suspension notices against activities in workplaces where there is an imminent risk of death or serious bodily injury to the employees. Failure to comply with such notices constitutes an offence punishable by a fine of HK\$500,000 and imprisonment of up to 12 months.

Motor Vehicles Insurance (Third Party Risks) Ordinance (Chapter 272 of the Laws of Hong Kong) (“MVI(T)O”)

Section 4(1) of the MVI(T)O provides that it shall not be lawful for any person to use, or to cause or permit any other person to use, a motor vehicle on a road unless there is in force in relation to the user of the vehicle by that person or that other person, as the case may be, such a policy of insurance or such a security in respect of third party risks as complies with the requirements of the MVI(T)O.

Section 4(2) provides that if a person acts in contravention of section 4, he shall be liable to a fine of HK\$10,000 and to imprisonment for 12 months, and a person convicted of an offence under section 4 shall (unless the court for special reasons thinks fit to order otherwise) be disqualified from holding or obtaining a licence to drive a motor vehicle for such period as the court may determine being not less than 12 months nor more than three years from the date of conviction.

As our Group maintains its own vehicle fleet, compliance with the MVI(T)O is required.

REGULATORY OVERVIEW

Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) (“BRO”)

The BRO requires every person, whether a company or an individual, who carries on a business in Hong Kong to apply for business registration certificate from the Inland Revenue Department within one month from the date of commencement of the business, and to display the valid business registration certificate at the place of business. Any person who fails to apply for business registration or display a valid business registration certificate at the place of business shall be guilty of an offence, and shall be liable to a fine of HK\$5,000 and to imprisonment for one year.

Employees’ Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (“ECO”)

The ECO establishes a no-fault, non-contributory employee compensation system for work injuries and lays down the respective rights and obligations of employer and employee in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases.

Under the ECO, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is generally liable to pay for the compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, under section 32 of the ECO, an employee who suffers incapacity or dies arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents. Further, section 40 of the ECO provides that an employer is not permitted to employ any employee in any employment unless there is in force in relation to such employee a policy of insurance issued by an insurer for an amount not less than that specified in the ECO.

Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) (“MPFSO”)

The MPFSO provides for, inter alia, the establishment of a system of privately managed, employment-related mandatory provident fund schemes for members of the workforce to accrue financial benefits for retirement.

Under the MPFSO, the employer and its relevant employee, meaning an employee of 18 years of age or over and below retirement age which is 65 years of age, are each required to make contributions to the plan at 5% of the relevant employees’ relevant income, meaning any wages, salary, leave pay, fee, commission, bonus, gratuity, perquisite or allowance expressed in monetary terms, paid or payable by an employer to the relevant employee in consideration of his employment under his employment contract. With effect from 1 June 2012, the maximum level of relevant income of a relevant employee was adjusted from HK\$20,000 to HK\$25,000, and thus the relevant maximum mandatory contribution was adjusted from HK\$1,000 to HK\$1,250. With effect from 1 June 2014, the maximum level of relevant income of a relevant employee was further adjusted from HK\$25,000 to HK\$30,000, and thus the relevant maximum mandatory contribution was adjusted from HK\$1,250 to HK\$1,500.

REGULATORY OVERVIEW

Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) (“MWO”)

The MWO provides for a prescribed minimum hourly wage rate (currently set at HK\$32.5 per hour) during the wage period for every employee engaged under a contract of employment under the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by the MWO is void.

COMPLIANCE

As confirmed by our Directors, to the best of their knowledge, save for disclosed in this document (if any), our Group has obtained all necessary permits, approvals and licences to operate its existing business in Hong Kong from relevant governmental bodies during the Track Record Period and up to the Latest Practicable Date.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

BUSINESS AND CORPORATE DEVELOPMENT

Overview

Our Company, which is the holding company of our Group, was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 27 July 2015 in preparation for the [REDACTED]. As at the Latest Practicable Date, the subsidiaries of our Company comprised World-Link Roadway, Word-Link Packing and Real Runner. Details of the subsidiaries of our Company and the corporate structure of our Group are set out in the section headed “History, Reorganisation and Corporate Structure – Our Group’s Structure and Corporate History” below.

Prior to the [REDACTED], our Group underwent the Reorganisation and immediately following the completion of the Reorganisation, our Company was owned as to 37.60% by Orange Blossom, 40.00% by Best Matrix, 19.40% by Leader Speed and 3.00% by Granada Global.

Immediately following completion of the Capitalisation Issue and the [REDACTED], our Company will be owned as to [REDACTED] by Orange Blossom, [REDACTED] by Best Matrix, [REDACTED] by Leader Speed and [REDACTED] by Granada Global (without taking into account any Shares which may be allotted and issued upon any exercise of [the [REDACTED] and] any option which may be granted under the Share Option Scheme).

Business Development

Our Group’s history can be traced back to October 1990, when our founders, namely, Mr. Yeung, Mr. Lee together with Mrs. Lee (the spouse of Mr. Lee) set up World-Link Roadway (formerly known as Yatal Peak Limited) with their personal resources. At the commencement of operation, World-Link Roadway was principally engaged in the provision of warehouse management and delivery services.

Over the years, by leveraging on our Group’s experience and reputation in the industry, the client profile of our Group continued to grow. In 1992, Customer A, a multi-national consumer goods company, started to engage us to provide logistics and inventory storage management services for the operation of its distribution center in Hong Kong.

In 1995, Mr. Yeung saw the potential in the business of repacking service and therefore the then management decided to develop this area of service through another company, namely World-Link Packing.

In July 2009, Mr. Lee and Mr. Yeung invited Mr. Luk, who had been engaged in the food and beverage, catering and logistics industries, to become a shareholder of our Group. As a result, Mr. Luk, through Kong Billion, acquired shareholding interest in both World-Link Roadway and World-Link Packing with his personal resources. In the following years, World-Link-Roadway secured engagements to provide integrated logistics solutions services to clients in the food and beverage, catering and logistics industries.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

As at the Latest Practicable Date, our Group offered a wide range of integrated logistics solutions services to meet the needs of our customers’ supply chain which include transportation, warehousing, customisation services (mainly consist of repacking services and labeling services) as well as diversified value-added services (mainly consist of container handling services and assistance in preparation of shipping documentation services). Our Group had rented several floors and units in Allied Cargo Centre and Leader Industrial Centre, since 1991 and 2006 respectively, to serve as our warehouse and customisation centres. Allied Cargo Centre, where we have rented 16 floors with an aggregate gross floor area of approximately 322,700 sq.ft., serves as our main warehouse, customisation centres and office. Our Group had also rented four floors in Leader Industrial Centre as warehouse, with an aggregate gross floor area of approximately 70,000 sq.ft.. As at the Latest Practicable Date, our Group also owned and contracted a fleet of over 30 vehicles to provide delivery service for our clients, out of which 11 vehicles were self-owned.

Milestones of our Group

The chronological overview of the key events of development of our Group is set out below:

1990	World-Link Roadway (formerly known as Yatal Peak Limited) commenced its business of provision of warehouse management and delivery services.
1992	Customer A started to engaging us to provide logistics and inventory storage management services for the operation of its distribution centre in Hong Kong.
1996	World-Link Packing commenced its business of provision of repacking services.
1997	World-Link Roadway was awarded the “Quality Assurance Pinnacle Award” by Customer A.
2007	World-Link Roadway was awarded the “Distribution Service Centre of the Year” by Customer A. The aggregate gross floor area of the warehouses rented by our Group reached approximately 400,000 sq. ft..
2011	World-Link Roadway was awarded a trophy by Customer A in appreciation of World-Link Roadway’s provision of excellent and dedicated services in the 20 years of partnership with them.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

OUR GROUP'S STRUCTURE AND CORPORATE HISTORY

Details of our subsidiaries are set out below.

World-Link Roadway

World-Link Roadway (formerly known as Yatal Peak Limited) was incorporated in Hong Kong on 3 August 1990 as a limited liability company. During the Track Record Period and up to the Latest Practicable Date, it was principally engaged in the provision of warehouse management and delivery services. As at the date of its incorporation, two subscriber shares of World-Link Roadway credited as fully paid at par were allotted and issued to two subscribers, who are Independent Third Parties.

On 5 October 1990, World-Link Roadway allotted and issued as fully paid 8,999 shares to Mr. Lee and 999 shares to Mrs. Lee. On 9 October 1990, Mr. Lee and Mrs. Lee each acquired the one subscriber share from one of the two subscribers at the nominal consideration of HK\$1.00. Pursuant to a declaration of trust executed by Mr. Lee on 20 October 1994, Mr. Lee confirmed that he held 1,000 shares out of the said 8,999 shares allotted and issued to him in trust for and on behalf of Mr. Yeung, which was transferred back to Mr. Yeung at his instruction on 1 January 1995 at nil consideration. The said transfers had been properly and legally completed and settled. Further, pursuant to Mrs. Lee's Confirmatory Deed, Mrs. Lee acknowledged and confirmed that she held the 1,000 shares allotted and issued to her in trust for and on behalf of Mr. Yeung. After the allotments of shares and the said transfers, World-Link Roadway was at that time legally owned as to 80% by Mr. Lee, 10% by Mr. Yeung and 10% by Mrs. Lee (in trust for Mr. Yeung).

On 21 July 2009, (i) at the direction of Mr. Yeung, Mrs. Lee transferred the legal title of her entire shareholding interests in World-Link Roadway, which had been held in trust for Mr. Yeung, back to Mr. Yeung at par. Mrs. Lee ceased to be interested in World-Link Roadway thereafter; and (ii) Kong Billion (a company wholly owned by Mr. Luk) acquired 4,000 shares in World-Link Roadway from Mr. Lee, representing 40% of the then issued share capital of World-Link Roadway at the consideration of HK\$300,000 in aggregate, which was arrived at after arm's length negotiation between the parties and taking into account the then net asset value of World-Link Roadway. The said transfers had been properly and legally completed and the consideration was duly settled. Kong Billion subsequently acknowledged and confirmed that out of the 40% of the then issued share capital of World-Link Roadway it acquired from Mr. Lee, 20% was acquired from Mr. Lee at the consideration of HK\$150,000 at the direction and instruction of Mr. Yeung with Mr. Yeung's personal resources. Such 20% of issued share capital of World-Link Roadway was therefore held by Kong Billion for and on behalf of Mr. Yeung. After the said transfers, World-Link Roadway was owned as to 40% by Mr. Lee, 40% by Kong Billion (out of which 20% was held by Kong Billion for and on behalf of Mr. Yeung) and 20% by Mr. Yeung.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

As part of the Reorganisation, (i) on 14 July 2015, Kong Billion transferred the legal title of the said 20% issued shares in World-Link Roadway it held for and on behalf of Mr. Yeung back to Mr. Yeung at the nominal consideration of HK\$1.00; and (ii) on 15 July 2015, Real Runner acquired the entire issued shares in World-Link Roadway from Mr. Lee, Mr. Yeung and Kong Billion. In consideration thereof and at the direction of Mr. Lee, Mr. Yeung and Kong Billion, Real Runner allotted and issued as fully paid 400 shares to Mr. Lee, 400 shares to Orange Blossom and 200 shares to Leader Speed, respectively. The said transfers had been properly and legally completed and settled. After the said transfers, World-Link Roadway became a wholly-owned subsidiary of Real Runner.

World-Link Packing

World-Link Packing was incorporated in Hong Kong on 14 November 1995 as a limited liability company. During the Track Record Period and up to the Latest Practicable Date, it was principally engaged in the provision of customisation services. As at the date of its incorporation, two subscriber shares of World-Link Packing credited as fully paid were allotted and issued to two subscribers, who are Independent Third Parties.

On 16 September 1996, in pursuit of the management's plan to develop repacking service, (i) each of Mr. Lee and an Independent Third Party acquired one subscriber share from one of the two subscribers at the nominal consideration of HK\$1.00; and (ii) World-Link Packing allotted and issued as fully paid 59 shares and 39 shares to Mr. Lee and the Independent Third Party respectively. The said transfers had been properly and legally completed and settled. Pursuant to Mr. Lee's Confirmatory Deed, Mr. Lee confirmed that he held 20 shares out of the said 60 shares of World-Link Packing transferred to him in trust for and on behalf of Mr. Yeung. After the said transfers and allotments of shares, World-Link Packing was at that time owned as to 60% by Mr. Lee (out of which 20% was held in trust for Mr. Yeung) and 40% by the Independent Third Party respectively.

On 1 December 2000, Mrs. Lee acquired from the Independent Third Party his entire issued shareholding interest in World-Link Packing at par. The Independent Third Party ceased to be interested in World-Link Packing thereafter.

On 21 July 2009, (i) at the instruction of Mr. Yeung, Mr. Lee transferred the legal title of the said 20% issued shares in World-Link Packing he held in trust for Mr. Yeung back to Mr. Yeung at par; and (ii) Kong Billion acquired from Mrs. Lee her entire shareholding interest (representing 40% of the then issued share capital of World-Link Packing) in World-Link Packing at the consideration of HK\$300,000 in aggregate, which was arrived at after arm's length negotiation between the parties and taking into account the then net asset value of World-Link Packing. The said transfers had been properly and legally completed and settled. Kong Billion subsequently acknowledged and confirmed that out of the 40% issued share capital of World-Link Packing it acquired from Mrs. Lee, 20% was acquired from Mrs. Lee at the consideration of HK\$150,000 at the direction and instruction of Mr. Yeung with Mr. Yeung's personal resources. Such 20% of issued share capital of World-Link Packing was therefore held by Kong Billion for and on behalf of Mr. Yeung. The said transfers had been properly and legally completed and settled. After the said transfers, World-Link Packing was owned as to 40% by Mr. Lee, 40% by Kong Billion (out of which 20% was held by Kong Billion for and on behalf of Mr. Yeung) and 20% by Mr. Yeung.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

As part of the Reorganisation, (i) on 14 July 2015, Kong Billion transferred the legal title of the said 20% issued shares in World-Link Packing it held for and on behalf of Mr. Yeung back to Mr. Yeung at the nominal consideration of HK\$1.00; and (ii) on 15 July 2015, Real Runner acquired the entire issued shares in World-Link Packing from Mr. Lee, Mr. Yeung and Kong Billion. In consideration thereof and at the direction of Mr. Lee, Mr. Yeung and Kong Billion, Real Runner allotted and issued as fully paid 400 shares to Mr. Lee, 400 shares to Orange Blossom and 200 shares to Leader Speed, respectively. The said transfers had been properly and legally completed and settled. After the said transfers, World-Link Packing became a wholly-owned subsidiary of Real Runner.

Real Runner

Real Runner was incorporated in the BVI with limited liability on 29 May 2015 and was authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00. No subscriber share was allotted or issued on the date of incorporation. On 18 June 2015, Real Runner allotted and issued as fully paid 400 shares to Orange Blossom, 400 shares to Mr. Lee and 200 shares to Leader Speed.

On 23 July 2015, Granada Global acquired 72 shares and 18 shares of Real Runner from Orange Blossom and Leader Speed respectively, as a result of which Granada Global became a shareholder holding 3% shareholding interests in Real Runner. For details, please refer to the paragraph headed “[REDACTED] Investment – Investment” in this section below.

On 9 September 2015, Mr. Lee transferred his entire shareholding interest in Real Runner to Best Matrix at the nominal consideration of HK\$1.00. The said share transfers had been properly and legally completed and settled.

On [●] 2015, as part of the Reorganisation, our Company acquired the entire share capital of Real Runner from Orange Blossom, Best Matrix, Leader Speed and Granada Global. In consideration thereof, our Company allotted and issued as fully paid 372 Shares to Orange Blossom, 396 Shares to Best Matrix, 192 Shares to Leader Speed and 30 Shares to Granada Global respectively. [The said transfers had been properly and legally completed and settled.] After the said transfers, Real Runner became a wholly-owned subsidiary of our Company.

[REDACTED] INVESTMENT

Background of the [REDACTED] Investor

Granada Global is an investment holding company incorporated in the BVI with limited liability on 9 June 2015, and the shares of which are beneficially and wholly owned by Mr. Chan, who is also the sole director of Granada Global and a long-time friend of Mr. Yeung and Mr. Lee. Mr. Chan works in the financial services sector and is licensed under the SFO as a responsible officer to carry out Type 1 (Dealing in Securities) and Type 9 (Asset Management) regulated activities. Prior to its investment in our Group, Granada Global was an Independent Third Party. To the best knowledge and belief of the Directors, Granada Global decided to invest in our Group in view of the prospects and growth potential of our Group. The source of funding of Granada Global’s investment in our Group was from the personal resources of Mr. Chan.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Investment

On 23 July 2015, Granada Global entered into a sale and purchase agreement with each of Orange Blossom and Leader Speed (“**Granada Global Agreement**”), 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.

The following table sets out the summary of the [REDACTED] investment by Granada Global, the shareholding interest of which is wholly owned by Mr. Chan:

Amount of consideration paid to (i) Orange Blossom; and (ii) Leader Speed	(i) HK\$2,000,000 (ii) HK\$500,000
Payment date of consideration in full to (i) Orange Blossom; and (ii) Leader Speed	23 July 2015
Cost per Share paid under [REDACTED] investment (Note 1)	HK\$[REDACTED]
Discount to the [REDACTED]	[REDACTED]
Use of proceeds from the [REDACTED] investment	The sale proceeds were for the personal use of Mr. Yeung and Mr. Luk
Benefit from the [REDACTED] investment	Mr. Chan, the sole shareholder and sole director of Granada Global, is expected to bring in more business opportunities to our Group through his business connections and network.
Approximate shareholding upon [REDACTED] (Note 2)	[REDACTED]

Notes:

- (1) This is derived based on [REDACTED] Shares to be held by Granada Global upon completion of the Capitalisation Issue and the [REDACTED] (without taking into account any Shares which may be issued upon the exercise of [the [REDACTED] and] the options which may be granted under the Share Option Scheme).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- (2) This is derived based on [REDACTED] Shares to be held by Granada Global upon completion of the Capitalisation Issue and the [REDACTED] (without taking into account any Shares which may be issued upon the exercise of [the [REDACTED] and] the options which may be granted under the Share Option Scheme).

The Granada Global Agreement does not provide any guaranteed discount to the [REDACTED]. Granada Global confirmed that the consideration paid by it under the [REDACTED] investment was irrevocable. No special right was granted to the Granada Global in connection with its investment.

Sponsor’s confirmation

Given that (i) no special rights have been granted to Granada Global in respect of its investment; (ii) the Directors confirmed that the terms of the investment by Granada Global (including the consideration) was determined on arm’s length basis, taking into account the unaudited net asset value of World-Link Roadway and World-Link Packing as at 31 December 2014; and (iii) the consideration under the [REDACTED] investment was settled on 23 July 2015, which was more than 28 clear days before the date of submission of the [REDACTED] application, the Sponsor is of the view that the [REDACTED] investment by Granada Global is in compliance with the “Interim Guidance on [REDACTED] Investments” (HKEx-GL29-12) and the “Guidance on [REDACTED] Investments” (HKEx-GL43-12) issued by the Stock Exchange.

PARTIES ACTING IN CONCERT

On 24 August 2015, our ultimate Controlling Shareholders, namely Mr. Yeung, Mr. Lee and Mr. Luk entered into the Concert Parties Confirmatory Deed to acknowledge and confirm:

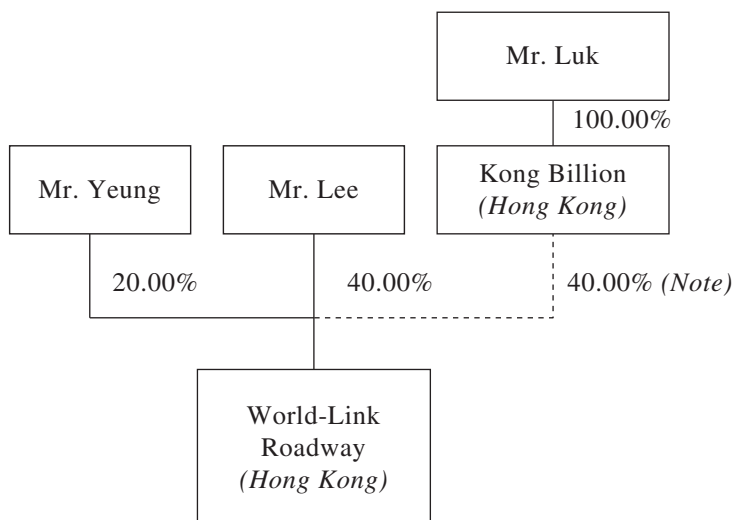
- (a) that among each of them that they are parties acting in concert with each of the members of our Group (the “**Relevant Companies**”) during and since the Track Record Period and continue as at and after the date of the Concert Parties Confirmatory Deed;
- (b) they shall continue to give unanimous consent, approval or rejection on any other material issues and decisions in relation to the business of the Relevant Companies;
- (c) they shall continue to cast unanimous vote collectively for or against all resolutions in all meetings and discussions of the Relevant Companies;
- (d) they shall continue to cooperate with each other to obtain and maintain the consolidated control and the management of the Relevant Companies; and
- (e) they shall continue to obtain written consent from all the parties to the Concert Parties Confirmatory Deed in advance of purchasing selling, pledging or creating any right to acquire or dispose of any securities of our Company and/or any of the Relevant Companies.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

REORGANISATION

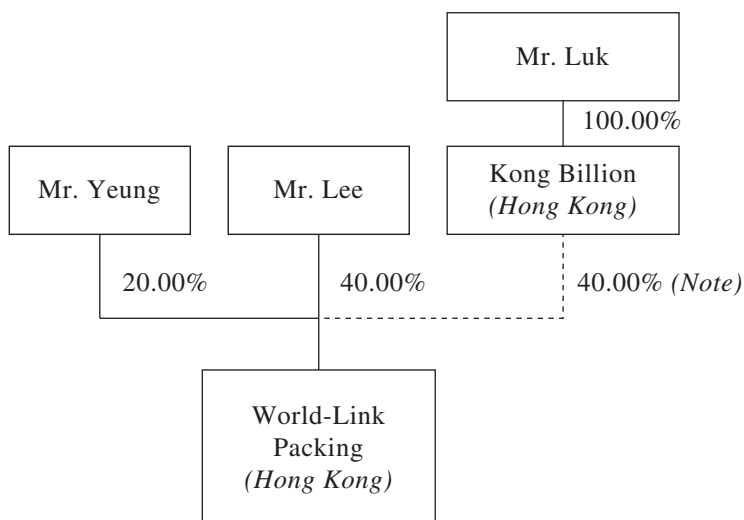
Prior to the Reorganisation, the structure of our Group was as follows:

World-Link Roadway



Note: Pursuant to a confirmatory deed dated 14 July 2015, Kong Billion confirmed that it held 20.00% of the issued share capital of World-Link Roadway in trust for and on behalf of Mr. Yeung.

World-Link Packing



Note: Pursuant to a confirmatory deed dated 14 July 2015, Kong Billion confirmed that it held 20.00% of the issued share capital of World-Link Packing in trust for and on behalf of Mr. Yeung.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Corporate restructuring

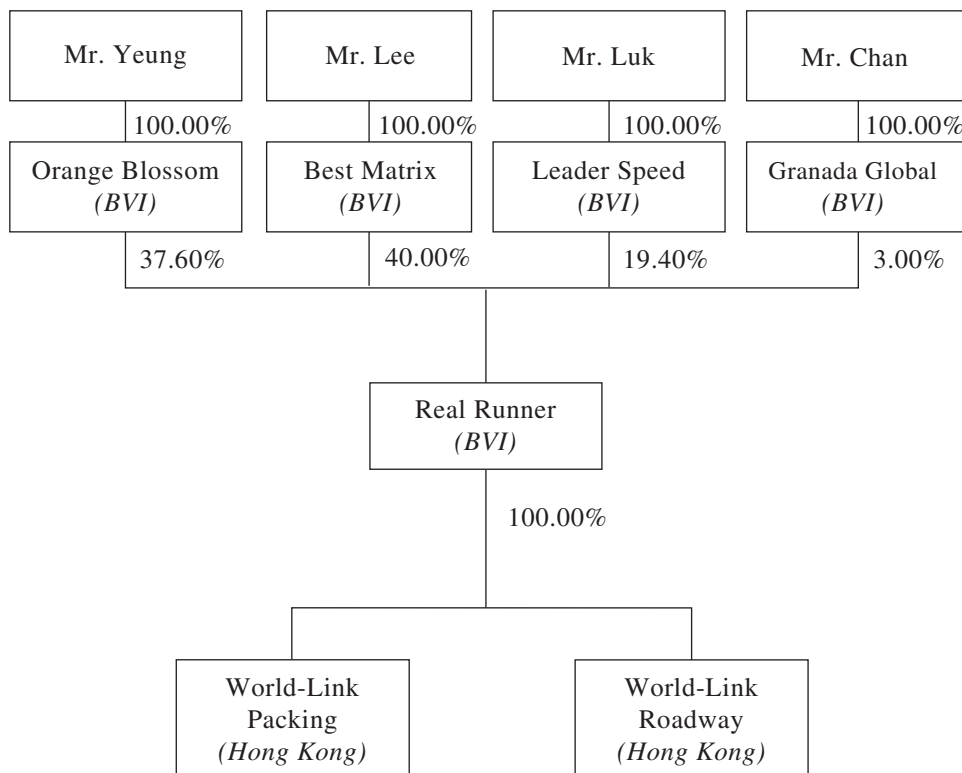
To rationalise our Group's structure in preparation for the [REDACTED], our Group underwent various corporate restructuring as more particularly described as follows:

- (1) Our Company was incorporated in the Cayman Islands on 27 July 2015 as an exempted company with limited liability under the Companies Law. At the time of incorporation, our Company had an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each, of which one Share was allotted and issued as fully paid to a subscriber, which was transferred to Orange Blossom on the same date. Our Company further allotted and issued as fully paid (i) three Shares to Orange Blossom; (ii) four Shares to Mr. Lee; and (iii) two Shares to Leader Speed on 27 July 2015.
- (2) Real Runner was incorporated in the BVI with limited liability on 29 May 2015 and was authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00. No subscriber share was allotted or issued on the date of incorporation. On 18 June 2015, Real Runner allotted and issued as fully paid 400 shares to Orange Blossom, 400 shares to Mr. Lee and 200 shares to Leader Speed.
- (3) On 14 July 2015, (i) at the direction of Mr. Yeung, Kong Billion transferred 2,000 shares of World-Link Roadway it held for Mr. Yeung back to Mr. Yeung at the nominal consideration of HK\$1.00; and (ii) at the direction of Mr. Yeung, Kong Billion transferred the legal title of the 20 shares of World-Link Packing it held for Mr. Yeung back to Mr. Yeung at the nominal consideration of HK\$1.00. The said transfers had been properly and legally completed and settled.
- (4) On 15 July 2015, (i) Real Runner acquired the entire shareholding interest in World-Link Roadway from Mr. Lee, Mr. Yeung and Kong Billion. In consideration thereof and at the direction of Mr. Lee, Mr. Yeung and Kong Billion, Real Runner allotted and issued as fully paid 400 shares to Mr. Lee, 400 shares to Orange Blossom and 200 shares to Leader Speed. The said transfers had been properly and legally completed and settled. After the said transfers, World-Link Roadway became a wholly-owned subsidiary of Real Runner.
- (5) On 15 July 2015, (i) Real Runner acquired the entire shareholding interest in World-Link Packing from Mr. Lee, Mr. Yeung and Kong Billion. In consideration thereof and at the direction of Mr. Lee, Mr. Yeung and Kong Billion, Real Runner allotted and issued as fully paid 400 shares to Mr. Lee, 400 shares to Orange Blossom and 200 shares to Leader Speed. The said transfers had been properly and legally completed and settled. After the said transfers, World-Link Packing became a wholly-owned subsidiary of Real Runner.
- (6) On 23 July 2015, Granada Global entered into a sale and purchase agreement with each of Orange Blossom and Leader Speed, 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 said transfers had been properly and legally completed and settled. Immediately after the said transfers, Real Runner was owned as to 37.60% by Orange Blossom, 40.00% by Mr. Lee, 19.40% by Leader Speed and 3.00% by Granada Global.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- (7) On 9 September 2015, Mr. Lee transferred his entire shareholding interests in the Company and Real Runner respectively to Best Matrix, each at the nominal consideration of HK\$1.00. The said transfers had been properly and legally completed and settled.
- (8) On [●] 2015, pursuant to the Reorganisation Agreement, our Company acquired the entire share capital of Real Runner from Orange Blossom, Best Matrix, Leader Speed and Granada Global. In consideration thereof, our Company allotted and issued as fully paid [372] Shares to Orange Blossom, [396] Shares to Best Matrix, [192] Shares to Leader Speed and [30] Shares to Granada Global. [The said transfers had been properly and legally completed and settled.] After the said transfers, Real Runner became a wholly-owned subsidiary of our Company.

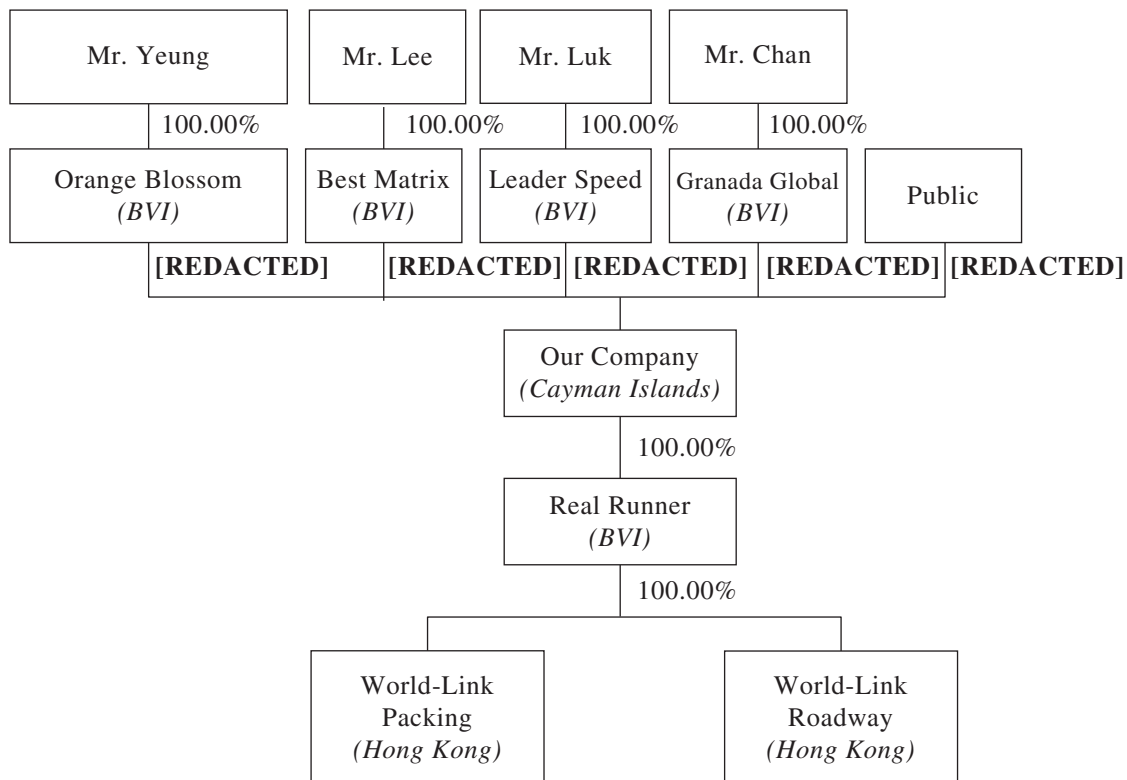
Upon completion of the Reorganisation set out above, our Company became the holding company of our Group. The following chart sets out the shareholding and corporate structure of our Group immediately after the Reorganisation but prior to completion of the [REDACTED] and the Capitalisation Issue:



Conditional on the share premium account of our Company being credited as a result of the [REDACTED], certain amounts standing to the credit of the share premium account of our Company will be capitalised and applied in paying up in full such number of Shares for allotment and issue to its shareholders (i.e. Orange Blossom, Best Matrix, Leader Speed and Granada Global) in proportion to their respective shareholdings prior to trading and dealing of the Shares commence on GEM, so that the number of Shares so allotted and issued, when aggregated with the number of Shares already owned by them, will constitute not more than [REDACTED] of the total issued share capital of our Company.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The following chart sets forth the shareholding structure of our Group immediately following the [REDACTED] and the Capitalisation Issue (without taking into account any Shares which may be issued upon the exercise of [the [REDACTED] and] the options which may be granted under the Share Option Scheme):



BUSINESS

BUSINESS OVERVIEW

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

Our largest customer, Customer A, is a multi-national consumer goods company. As at the Latest Practicable Date, we have been maintaining business relationship with this largest customer and to the best knowledge of our Directors, we are the sole logistics service provider of this customer in Hong Kong for over 20 years. We work closely with reputable customers to develop logistics solutions that meet their unique requirements. For example, in respect of our provision of integrated logistics solution services to Customer A, we have enhanced our customisation services by setting up a special room with dust free environment for handling personal hygiene products. 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%, 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.

Led by our experienced management team, we have grown into an integrated logistics solutions service provider in Hong Kong, equipped with experienced staff, vehicle fleet and information technology support that enable us to handle larger amount of customer orders. As at 30 June 2015, we had over 240 employees. In order to increase the flexibility and cost effectiveness in carrying out our services, we engaged subcontractors for the provision of transportation services and value-added services in respect of container handling services. As at the Latest Practicable Date, our vehicle fleet comprised of over 30 vehicles, out of which 11 vehicles were self-owned. The vehicles are of various tonnage to fit customers’ different needs. For the year ended 31 December 2014, we served over 1,500 delivery points in 18 districts in Hong Kong.

As at the Latest Practicable Date, we rented several floors and units in two industrial buildings in Hong Kong with an approximate total area of 400,000 sq. ft as our warehouses, offices and customisation centres. Our properties are equipped with ERP systems to assist procurement, delivery and storage management. Our customisation centres cover an area of approximately 30,000 sq. ft. and are equipped with shrink packing machines, belt conveyors and sealing machines to facilitate our customisation activities.

BUSINESS

Although our recent operating results would be affected by the economic condition in Hong Kong, we continued to be profitable. For the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, our total revenue was approximately HK\$135.7 million, HK\$134.8 million and HK\$57.5 million respectively. For the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, our net profit was approximately HK\$28.1 million, HK\$21.4 million and HK\$5.6 million (before deducting the [REDACTED] expenses of approximately HK\$[REDACTED]) respectively.

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

	Year ended 31 December				Six months ended 30 June			
	2013		2014		2014		2015	
	HK\$'000	%	HK\$'000	%	(unaudited)		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.

Hong Kong logistics industry is expected to grow notwithstanding the recent slowdown in the retail market in Hong Kong. According to the Euromonitor Report, Hong Kong logistics industry reached total revenue of approximately HK\$373.9 billion in 2014. The industry is expected to reach total turnover of approximately HK\$383.0 billion by 2019, which would represent a CAGR of approximately 0.4% from 2015 to 2019. Going forward, we will continue to focus on providing integrated logistics solutions services in Hong Kong. As at the Latest Practicable Date, we did not have any plan to commence new business other than the logistics solutions services after [REDACTED].

BUSINESS

COMPETITIVE STRENGTHS

Our Directors consider that we possess the following competitive strengths:

We provide flexible and reliable integrated logistics solutions services to cater for customers’ needs

We offer a wide range of integrated logistics solutions services to meet our customers’ supply chain needs which include transportation, warehousing, customisation services (mainly consist of repacking services and labeling services) as well as diversified value-added services (mainly consist of container handling services and assistance in preparation of shipping documentation services). These services are complementary to each other and our customers can enjoy the benefits of time and cost saving by using fewer service providers. Our range of services gives us a competitive advantage as many of the local logistics service providers in Hong Kong only offer limited types of services.

We will discuss with our customers in relation to (i) their delivery plan, including the points of delivery and delivery schedule; (ii) their warehousing plan, including the storage requirements; and (iii) their other logistics plan, including their shipping schedules and other specific logistics requirements, if any. Such information will be transmitted into our ERP systems to plan the supply chain process ahead and to ensure the provision of efficient flow of services.

We believe that our ability to provide integrated logistics solutions services would not only allow us to provide our customers with a flexible supply chain solution, but also enhance our collaborations and relationship with our customers.

We maintain a diversified and solid customer base and long established relationship with our reputable customers

We had successfully built up a diversified and solid customer base across various industries including FMCG, retailing, food and beverage and other industries up to the Latest Practicable Date. In addition, our Group has established strong and close working relationship with reputable customers in Hong Kong. As at the Latest Practicable Date, we have been maintaining business relationship with our largest customer, Customer A, for over 20 years.

We believe that it is vital for us to continuously expand our customer base and at the same time, maintain long standing business relationship with our customers from different industries by, among other things, understanding the changing needs and providing tailor-made solutions to cater for the unique specifications from customers of different industries from time to time. Therefore, our customer service personnel communicates with the customers regularly and collect feedback from them so as to enable us to respond to such feedback in a timely manner. We are therefore able to maintain stable business relationship with most of our customers. In particular, we have maintained business relationship with our five largest customers, apart from Customer A, for a period ranging from one to over 10 years on average as at the Latest Practicable Date. We believe that our business relationship with these customers has indicated their recognition of the quality of our services and we consider this recognition and goodwill is a key factor leading to our success in the logistics industry.

BUSINESS

We have an experienced and capable management team

We consider the strength of our management team to be fundamental to our success. Mr. Yeung (one of our founders, chairman and executive Director), Mr. Lee, (one of our founders and executive Director) and Mr. Luk (our executive Director) have on average more than 10 years of experience in the logistics industry, who all have strong knowledge of the industry and are competent to perform their duties in a reliable and timely manner. Mr. Wong Yiu Kwong is one of our key members in the senior management team responsible for overseeing our customisation activities, he has over three years of relevant experience. For further details regarding the experience of our management team, please refer to the section headed “Directors, Senior Management and Employees” in this document.

We believe that the extensive experience of our management team and their industry knowledge and in-depth understanding of the market enable us to assess market trends as well as to operate and manage our business efficiently.

We place great emphasis on the quality of our services

We are competent at meeting the stringent quality standards of our customers. We place great emphasis on the quality of our services. To ensure our services are performed to the highest quality standards, we had a dedicated quality assurance team comprising of two quality assurance officers, under which we had a quality control team comprising of 10 quality control staff as at the Latest Practicable Date. The quality assurance officers are responsible for formulating and implementing systematic quality control policies and standard operating procedures integrated into our operational processes in order to maximise the overall quality consistency of our services. They also oversee, in general, compliance of the quality control policies and procedures by different departments of the Group. The 10 quality control staff as a quality control team, who are supervised and led by the quality assurance officers, are responsible for monitoring the customisation services and undertaking quality inspection in the entire customisation services process. In addition, the quality control team is also responsible for carrying out sample checks and inspections to identify quality defects. We have devised our own standard of performance policy and we may also adopt our client’s performance standard or indicators as requested. We have met the key performance indicators set by Customer A, our largest customer, since we started our business relationship with them and obtained awards from such customer in various years for our achievement of high quality standards. We have not experienced any material complaints in relation to the quality of our services by our customers during the Track Record Period. With the increasing demand by our customers on the logistics services, we believe that our emphasis on service quality has contributed to our success in gaining our customers’ confidence in our services, which is essential to our long-term development in the logistics industry.

We have stable relationship with our suppliers

We have established strong and close relationships with our suppliers including landlords and subcontractors. Most of our five largest suppliers have business relationship with us for a period ranging from one to over 20 years as at the Latest Practicable Date. In order to maximize our flexibility, we have not entered into any fixed-term or exclusive agreements or arrangements with our subcontractors. Our Directors believe that such agreements with those subcontractors are not necessary, as we maintain strong business relationships with them.

BUSINESS

BUSINESS STRATEGIES

We aim to strengthen our position as an integrated logistics solutions 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

As an integrated logistics solutions service provider, we are well-positioned to provide logistics services to our customers. In light of this, we intend to improve our existing facilities by installing more air-conditioner and expand our scope of services by providing a high quality cold chain logistics services to our customers in order to capture the growing opportunities in the demand for this service in Hong Kong. According to Euromonitor, revenue generated from warehousing services, including the refrigerated warehouses in Hong Kong amounted to approximately HK\$6,213 million in 2014, registering a CAGR of 10.7% from 2010 to 2014. From 2015 to 2019, the growth will moderate but the revenue generated from warehousing services will still have CAGR of 4.9%, bringing revenue generated from such services to approximately HK\$7,929 million for the industry by 2019. Some of our major customers have requested for the cold chain logistics services, which require the setting up of cold storage area and use of refrigerator vehicles for the storage and transport of their meat, seafood, vegetables, eggs or fruits. We target to implement the strategies by the following steps:

- (a) Install air-conditioner in a designated area in our Group’s existing warehouse so as to store more wine, eggs, canned food, cheese and cosmetic products under suitable air-conditioning. It is estimated that the whole process will take around three to four months, which will include the design stage and installation stage;
- (b) Rent new premises and renovate the same as a cold storage warehouse which includes purchase of freezers, chillers and install air-conditioned rooms. It is estimated that the whole process will take around nine to 12 months, which will include the design stage and the construction stage; and
- (c) Purchase of refrigerator vehicles to transport chilled and frozen food.

To pursue this strategy, we expect to use approximately HK\$[REDACTED], representing approximately [REDACTED] of the net proceeds from the [REDACTED].

(ii) Enhancing our sales and marketing effort

We consider maintaining active business relationship with our customers and potential customers in the logistics industry is important for our Group to explore new and potential business opportunities. We have contacts with other companies which may require logistics solutions services to keep us abreast of market development and potential business opportunities.

BUSINESS

The marketing activities are mainly conducted by our Directors and senior management and in view of our business nature, we do not maintain a team solely for sales and marketing activities. For instance, our executive Directors and senior management may, from time to time, send to prospective clients our Group’s brochures for marketing. Other marketing activities undertaken by our Group include hanging banners displaying the names and logos on our fleet of vehicles.

We intend to enhance our sales and marketing strategy to further promote our brand awareness through various means, including advertising on magazines and participating in promotional activities, for example trade fair.

To pursue this strategy, we intend to use approximately HK\$[REDACTED], representing approximately [REDACTED] of the net proceeds from the [REDACTED].

(iii) Further strengthen our information technology and systems

We intend to consolidate, upgrade and maintain the ERP systems across various departments and functions with more comprehensive functions. We plan to integrate and maintain our ERP systems into the business processes of our suppliers and customers and to help them connect and share data with us so as to enhance operational and management efficiency. We also plan to implement a comprehensive warehouse management system to cater for our growing integrated logistics solutions business and upgrade our ERP systems by including barcode scanners. With a barcode scanner, we can instantly identify the remaining quantity and the location of the products. We believe the above will provide a wider range of information-based solutions in a more efficient manner and improve our customers’ supply chain management.

To pursue this strategy, we expect to use approximately HK\$[REDACTED], representing approximately [REDACTED] of the net proceeds from the [REDACTED].

(iv) Continue to attract and retain talented and experienced personnel

We believe that our success depends on our ability to hire and cultivate experienced, motivated and well trained members of our management team, as well as employees at all levels with appropriate expertise and dedication to us. We will continue to offer to our staff competitive compensation packages, a caring corporate culture and the opportunity for staff to grow with our business. We will also continue to invest in training programs for our staff.

To pursue this strategy, we expect to use approximately HK\$[REDACTED], representing approximately [REDACTED] of the net proceeds from the [REDACTED].

(v) Growing our business strategically through merger, acquisition or business collaboration

Our Group will continue to maintain our performance within the industry and enhance our competitiveness. Our Directors believe that apart from expanding our scope of services to cover cold chain logistics services, investing in new opportunities will be critical in enabling our Group to achieve economies of scale, enlarge our customer base and broaden and diversify our service offerings to the market. As at the Latest Practicable Date, our Company had not identified any acquisition and merger targets and will only commence identifying potential targets after [REDACTED].

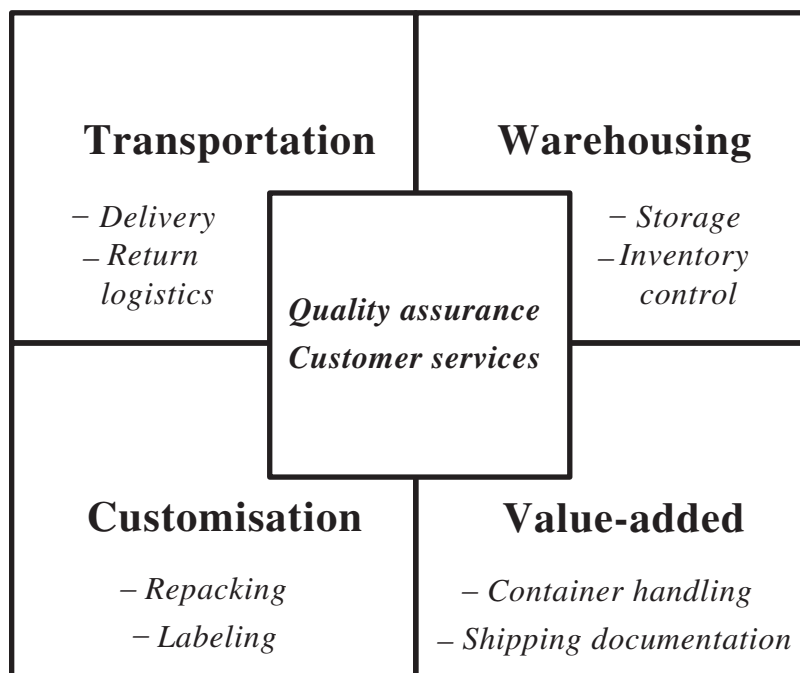
BUSINESS

Selection of our acquisition targets and determination of the consideration will be based on (i) the acquisition price and the related costs; (ii) the financial performance of the potential target; (iii) the potential target’s relevant experience within the logistics sector; (iv) the expertise and qualifications of the staff of the potential target; (v) the potential target’s existing customer base; and (vi) the reputation of the potential target.

SERVICES AND OPERATIONS

We offer a wide range of integrated logistics solutions services to meet our customers’ supply chain needs. These include transportation, warehousing, customisation services (mainly consist of repacking services and labeling services) as well as diversified value-added services (mainly consist of container handling services and assistance in preparation of shipping documentation services). The scope of integrated logistics solutions services that we provide to each customer varies and may depend on, among other things, the requirements of each individual customer, as different customers often require different services and expertise. We have leveraged our industry experience to specialise in offering industry-specific solutions to better serve our customers.

The following diagram illustrates the types of services we typically offer in our integrated logistics solutions business:



BUSINESS

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

	Year ended 31 December				Six months ended 30 June			
	2013		2014		2014		2015	
	HK\$'000	%	HK\$'000	%	(unaudited)		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.

Transportation

Our transportation services refer to the delivery of our customers' goods from our warehouses or our customers' designated locations to their designated locations. For the year ended 31 December 2014, we served over 1,500 delivery points in 18 districts in Hong Kong. We can offer same-day delivery services to our customers depending on our delivery schedule. Our customers are required to place the order in the morning and we will deliver the requested goods on the same day. We can also provide three-hour turnaround services to our customers which is calculated from the time the customers place orders with us to the time we deliver the goods to the customers' designated locations. We charge our customers at a premium for such services. As at 30 June 2015, we had eight employees responsible for the transportation services and our vehicle fleet had over 30 vehicles, out of which 11 vehicles were self-owned. The vehicles are of various tonnages to fit customers' different needs.

In order to increase the flexibility and cost effectiveness in carrying out our services, we also engage independent subcontractors for the provision of transportation services. During the Track Record Period, we had engaged 16 subcontractors. We generally do not enter into long-term agreements with the subcontractors. For further details, please refer to the paragraph headed “Suppliers” under this section.

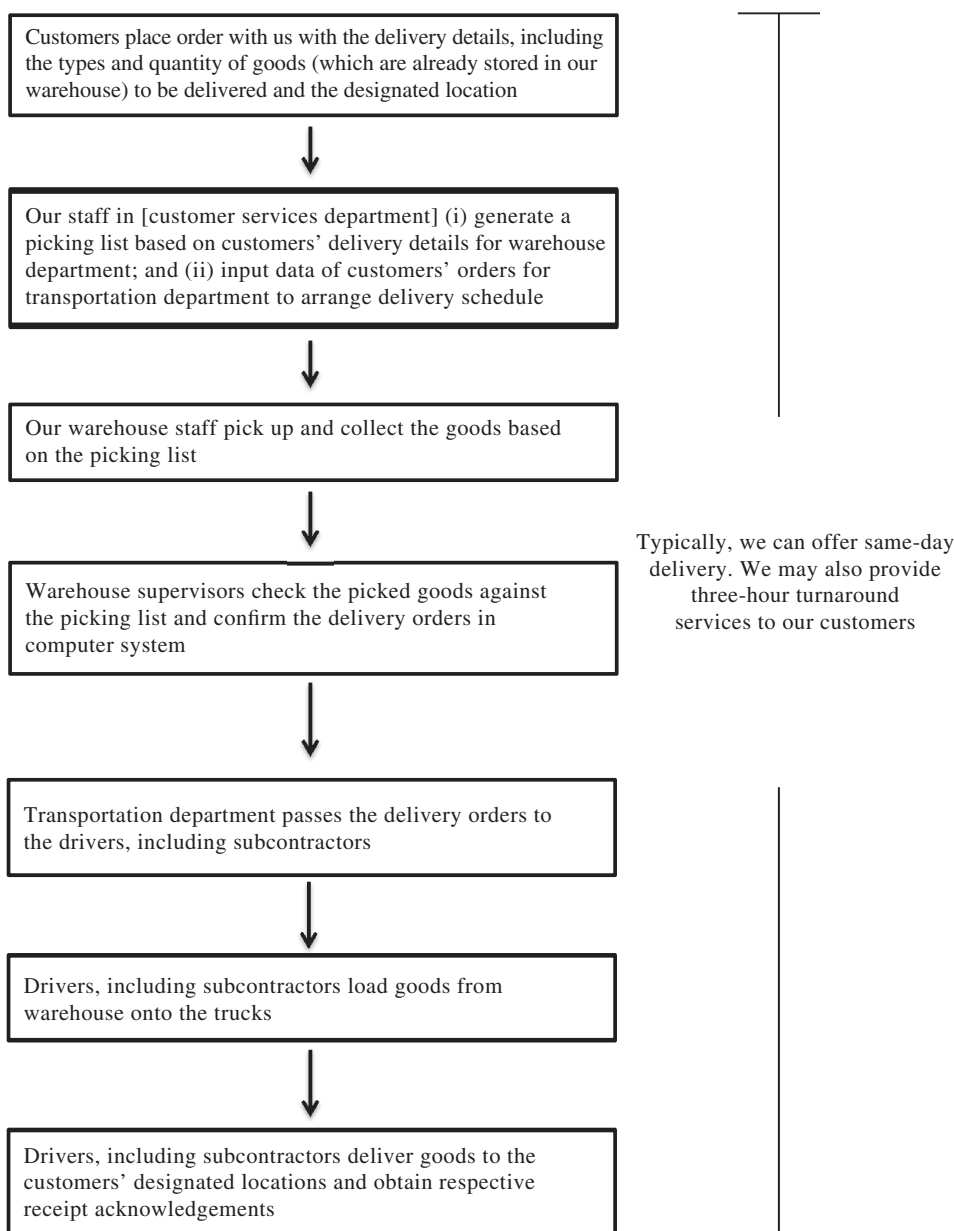
With the aid of our ERP systems, we are able to plan the delivery route in advance based on the customers' orders to ensure timely delivery of the products to our customers.

BUSINESS

We also provide return logistics services to our customers, such as handling returned products from retail stores. We collect returned products or out-of-season products from points of sale, transport them back to our warehouses and we will re-tag and re-pack the products to sales outlets or dispose of the returned products in accordance with our customers' instructions.

The total revenue contributed by our transportation services amounted to approximately HK\$30.3 million, HK\$32.4 million and HK\$14.8 million for the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, which accounted for approximately 22.4%, 24.0% and 25.7% of our total revenue for the corresponding period, respectively.

The below diagram shows the general work flow for our transportation services from our warehouses to customers' designated locations:



BUSINESS

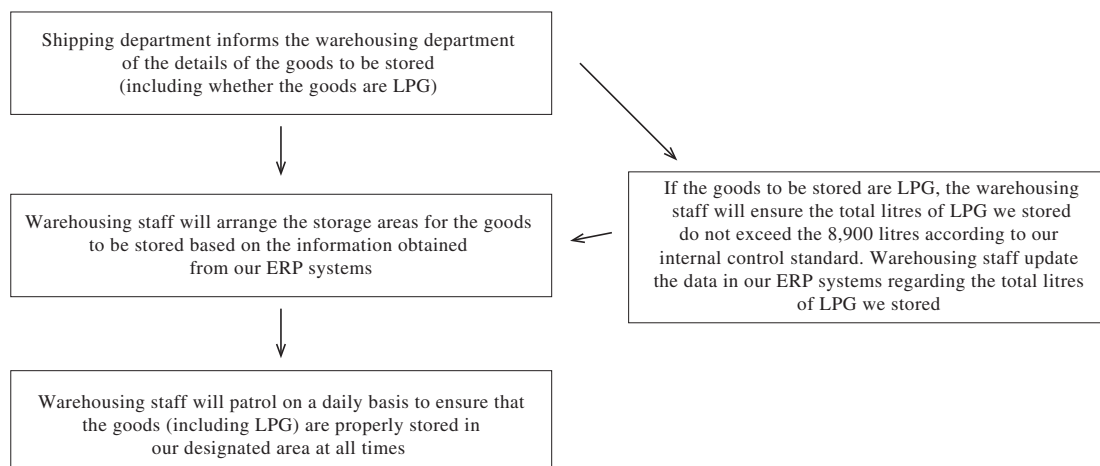
Warehousing

We offer inventory storage to our customers as part of our integrated logistics solutions services. We have a total of approximately 400,000 sq.ft. warehousing space which is equipped with a closed-circuit television surveillance system supported by periodic guard patrols. In addition, we closely and accurately monitor the temperatures and humidity levels in our storage compartments in order to fulfill the needs of different customers effectively to maintain the condition of the goods. The conditions of storage are normally specified in the service agreements with our customers, including the storage temperature and capacity. As at 30 June 2015, we had 59 employees responsible for the warehousing services. The team is led by two warehouse managers, who have on average over 10 years of relevant experience.

During the Track Record Period, the goods we stored for our customers include consumer products, food and beverages, rice, packing materials, electronic items, cosmetics and LPG. We possess dangerous goods licences issued by the Electrical and Mechanical Services Department which are required to be renewed annually for the storage of LPG, and recently we obtained the notice of approval as a rice storage place from the Trade and Industry Department. This approval is valid from 21 May 2015 until cancellation. Please refer to the section headed “Business – Licences and Permits” in this document for details.

Our ERP systems assist our storage management including coding, sorting, loading and quality inspection of goods and enable the management and customers to keep track of the level of inventory.

The below diagram shows the general work flow for our warehousing services:



BUSINESS

Our fees are typically charged with reference to the volume of goods stored. Handling fees are also charged relating to various goods-handling services such as loading and unloading of goods in and out of the warehouses.

The total revenue contributed by this warehousing services amounted to approximately HK\$49.6 million, HK\$53.5 million and HK\$27.0 million for the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, which accounted for approximately 36.6%, 39.7% and 47.0% of our total revenue for the corresponding period, respectively.

Customisation services

As an integrated logistics solutions service provider, we not only offer transportation services and warehousing services to our customers, but also offer customisation services to customers along their supply chains, including but not limited to repacking services, labeling and relabeling of cartons, gift packing, tags hanging and heat sealing. Our customers normally require our customisation services, such as the labeling services (i.e. sticking labels onto the surface of the products according to customers' instructions from time to time), and the packing and repacking services (i.e. grouping small objects together into one package and repacking the products with the customers' different design) to match with the customers' marketing and promotional activities. We have designated areas with approximately 30,000 sq.ft. in our warehouses as the customisation centres for customisation activities. We are also equipped with the necessary machinery such as shrink packing machines, belt conveyors and sealing machines to facilitate our customisation activities. There is also a special room with dust free environment for handling personal hygiene products. As at 30 June 2015, we had 139 employees responsible for the customisation services with 10 quality control staff for monitoring the whole process and for carrying out sample checks and inspections to identify quality defects.

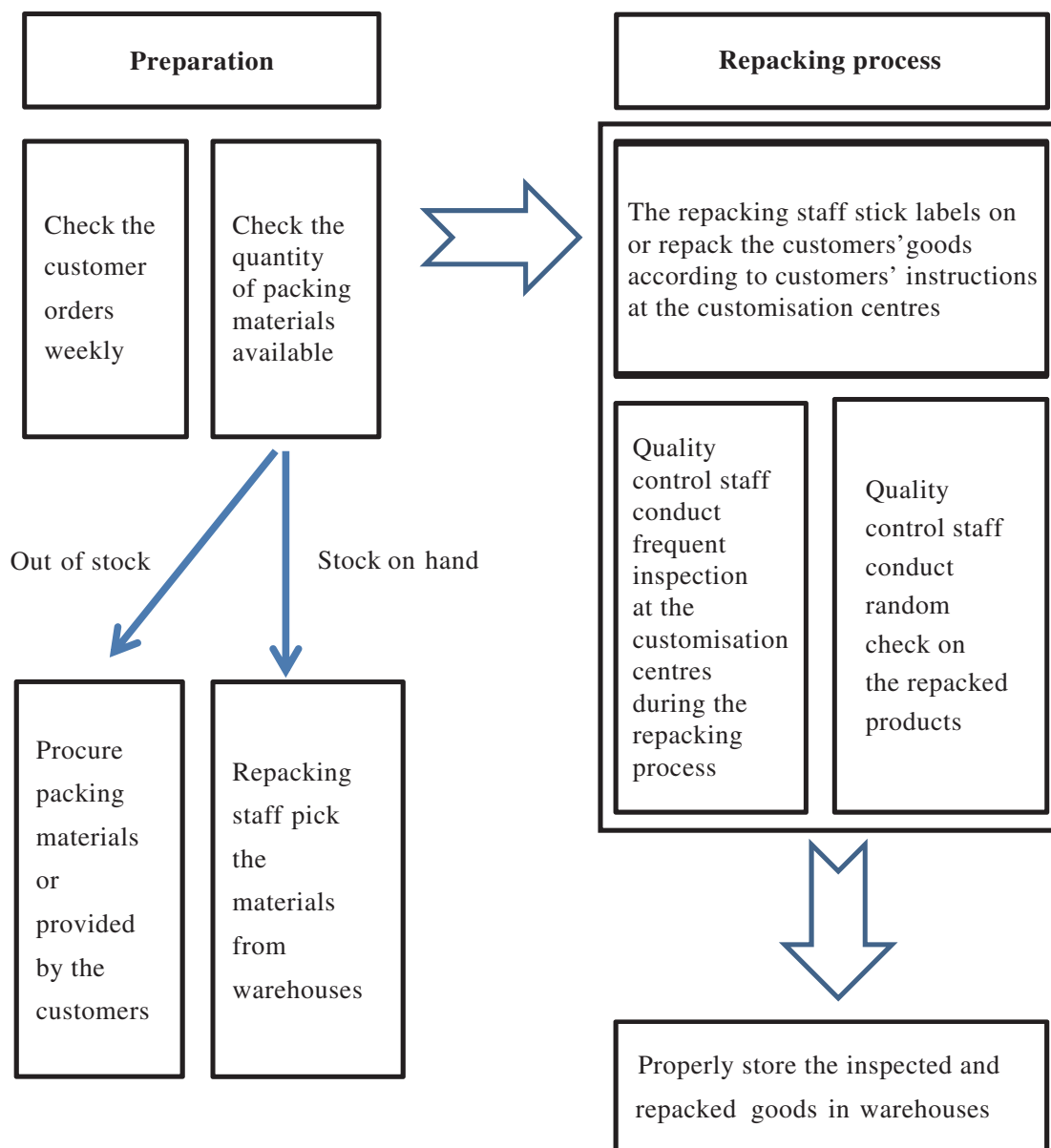
Our customers in general provide the packing materials, including plastic bags, wrapping papers and product labels to us to process the customisation activities. Our customers will be solely responsible for the accuracy of the representations and contents stated in the product labels and other packing materials. We may also procure packing materials on behalf of our customers following the packing instruction provided by the customers. The procurement of packing materials are based on historical and anticipated orders from our customers. We place a strong emphasis on the quality of the packing materials. During the procurement of packing materials, we will inspect the packing materials in order to ensure that they meet our quality standards. In addition, we conduct final inspection to ensure the repacked products are in strict compliance with both the customers' specifications and our quality standards. After final testing and inspection, repacked products will be stored according to our customers' requirements.

BUSINESS

Our fees are charged with reference to the volume of goods, procedures and time involved in processing the relevant customisation activities.

The total revenue contributed by our customisation services amounted to approximately HK\$43.7 million, HK\$39.3 million and HK\$12.1 million for the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, which accounted for approximately 32.2%, 29.2% and 21.1% of our total revenue for the corresponding period, respectively.

The below diagram shows the general work flow for our repacking services. It can take one day to two months to complete the whole process depending on the customers' requirement on the items to be processed. In general, it takes seven to 14 days to complete the whole process:



BUSINESS

Value-added services

We also offer value-added services to our customers, which mainly consist of (i) container handling services; and (ii) assistance in preparation of shipping documentation services.

In respect of container handling services, once the containers arrived at the port terminal, we will arrange for the collection of the containers and transport them back to our warehouses. Once the containers arrived at our warehouses, we will provide container devanning services. We engage independent contractors to perform the container handling services as the contractors possess the relevant machineries and expertise. The total number of containers we handled were over 3,200, 2,600 and 900 for the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015.

In respect of the shipping documentation services, it is the primary responsibility of our customers to prepare proper documentation for customs clearance. Upon special request by our customers, we may prepare such documentation on their behalf. We may arrange cargo booking and assist customers in preparing relevant customs clearance documents on behalf of our customers and for their signatures and endorsements. To avoid any potential legal risk, it is our policy that we do not verify the description of the cargo against the actual physical content of the cargo and we do not handle the labelling of any cargo. As such, we would not be held liable if the cargo contains any illegal items.

If the relevant cargo contains dangerous goods such as drugs, chemicals or explosives, it is the responsibility of our customers to ensure all dangerous goods are properly classified, packed, marked, labeled and documented before they are offered for transportation pursuant to relevant regulations in Hong Kong. Our customers should complete a dangerous goods transport document which contains the classification and description of the dangerous goods and a declaration signed by our customers.

The total revenue contributed by our value-added services amounted to approximately HK\$12.1 million, HK\$9.6 million and HK\$3.6 million for the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, which accounted for approximately 8.8%, 7.1% and 6.2% of our total revenue for the corresponding period, respectively. The employees who are responsible for customer services will also handle the value-added services.

BUSINESS

CUSTOMERS

We serve a wide and diversified customer base comprising customers in various industries, mainly including FMCG, retailing, food and beverage and other industries.

Our FMCG customers include Customer A and other customers whose principal business is the sale of FMCG which include (i) baby and family care products, such as diapers and tissues; (ii) household products, such as laundry detergent and softener; (iii) beauty products, such as cosmetics and face cleanser; and (iv) health and grooming products, such as toothbrush and razor blades. These types of products are generally sold in grocery stores, drug stores and department stores. Our Directors believe that the slowdown of the retail market in Hong Kong due to the Occupy Central movement and the change in the government policy with regard to the limitation of PRC residents to visit Hong Kong have a direct impact on FMCG customers.

Our retailing customers are the chain store operators in Hong Kong. Chain stores include chain convenience stores and chain restaurants which operate a number of stores or restaurants in Hong Kong. The end consumers are the public.

Our food and beverage customers are the suppliers or distributors of a wide range of food and beverage products such as meat, rice, wines, beverages to retailers, wholesalers or food manufacturers.

The table below sets out our revenue during the Track Record Period by industry type of the customers:

	Year ended 31 December				Six months ended 30 June			
	2013		2014		2014		2015	
	HK\$'000	%	HK\$'000	%	(unaudited)			
	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>

BUSINESS

During the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, the revenue contributed by the 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. The revenue contributed by the retailing customers increased by approximately 14.3% from approximately HK\$14.7 million for the year ended 31 December 2013 to approximately HK\$16.8 million for the year ended 31 December 2014. The revenue contributed by the retailing customers increased by approximately 42.9% from approximately HK\$4.2 million for the six months ended 30 June 2014 to approximately HK\$6.0 million for the six months ended 30 June 2015.

The increasing trend of our revenue contributed by retailing customers during the Track Record Period showed our considerable efforts to diversify our customer base and reduce the reliance on Customer A.

General terms of agreements with customers

We typically enter into services agreements with our customers. These agreements are generally for a term of one to three years, with an option to renew subject to further negotiation.

Scope of services

The service agreement normally specifies the basic types of services we provide including but not limited to transportation, warehousing and customisation services. Additionally, the service agreement may also specify the conditions of storage.

Title of goods

The title, benefit, interest and rights in the customer's goods shall remain the sole and exclusive property of the customer at all times.

Liability

We shall be liable for any loss or damage caused by misdelivery, delay in delivery or failure of delivery of the goods of the customer. During the Track Record Period, we have not experienced any material misdelivery, delay in delivery or failure of delivery.

Termination

We or our customers may at any time on giving the other party certain months' prior written notice to terminate the service agreements. During the Track Record Period, none of our service agreements was terminated by reason of material breach by us or the other party to the service agreement.

BUSINESS

Pricing policy and payment terms

We price our services on a “cost-plus” basis. Our pricing policy takes into account various factors and some of the material factors include: (i) type of services required; (ii) prevailing market rates offered by other logistics solutions service providers; (iii) cost analysis taking into account potential increases in wages, fees for any third party service provider and the location; and (iv) our budget and determination of a reasonable profit margin. We may offer discounts to the customers of long-term relationship with us and good reputation in the market. Customers who require customised storage space or complex handling services or value-added services are subject to a higher fee.

In general, we issue invoices to charge our customers on a monthly basis based on the quantity of services we rendered in that particular month, hence the monthly fee varies depending on the actual quantity of services rendered. Certain service agreements provide for a minimum monthly charge which the customers are obliged to pay us regardless of the quantity of services rendered.

During the Track Record Period, all revenue from our services was derived from Hong Kong and denominated in HK dollars. Generally, the payment method is by cheque or bank transfer.

The price range for our services is indicated in the following tables:

Types of services	HK\$
Transportation	400-8,400 per trip
Warehousing	135-400 per unit (per month)
Customisation	1-75 per piece

The rather wide price range for our services was mainly attributable to the significant variation among our customers in the scope of services required and the additional services or works incurred. For example, our fee for transportation services can range from HK\$400 to HK\$8,400 per trip, subject to the locations, the volume of goods we delivered and the turnaround time needed. Our Directors consider that the above ranges are in line with the industry norm.

Credit policy

We generally grant a credit period ranging from 0 to 45 days from the invoice date. The length of credit period granted varies on a case-by-case basis depending on the customer’s reputation and credibility, payment history and business relationship with our Group. We periodically review the credit terms and our customer’s payment record and, if necessary, revise the credit terms granted to our customers after review. 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 the group company of Customer A. For details, please refer to the paragraph headed “Accounts receivables financing arrangement” in this section. We also closely monitor any outstanding overdue amounts and take measures to collect any outstanding amounts. During the Track Record Period, we did not experience any material difficulty in collecting payment from our customers.

BUSINESS

As at 31 December 2013 and 2014 and 30 June 2015, we recorded trade receivables of approximately HK\$32.2 million, HK\$34.7 million and HK\$26.6 million respectively, of which approximately HK\$4.9 million, HK\$12.8 million and HK\$8.7 million respectively had been past due but not impaired as they were due from customers of whom there was no history of default during the Track Record Period. For each of the two years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, our trade receivables turnover days were approximately 83.5 days, 90.5 days and 96.3 days respectively, which were longer than the maximum credit period of 45 days granted by us to our customers during the Track Record Period.

In order to collect overdue trade receivables, material overdue payments are monitored continuously and evaluated on a case-by-case basis as to the appropriate follow-up actions having regard to the customer's normal payment processing procedures, our relationship with the customer, its history of making payments, its financial position as well as the general economic environment. Follow-up actions to collect overdue trade receivables include but not limited to active communications with the customers' appropriate personnel (such as the relevant department responsible for processing payments) as well as legal actions (where appropriate). In addition, we review the recoverable amount of each individual trade receivable balance at the end of each reporting period to ensure adequate impairment losses are provided for irrecoverable amounts.

Provision policy

Our policy for impairment loss on trade receivables is based on an evaluation of collectability and aged analysis of the receivables which requires the use of judgment and estimates. Provisions are applied to the receivables when there are events or changes in circumstances which indicate that the balances may not be collectible. We closely review our trade receivable balance and any overdue balances on an ongoing basis and assessments are made by our management on the collectability of overdue balances.

No impairment loss on trade receivables was recognised during the Track Record Period.

BUSINESS

The following table sets forth the details of our five largest customers during the Track Record Period:

For the six months ended 30 June 2015

Customer	Background	Length of relationship with us	% of our total revenue	Credit period
Customer A	a group company of a multi-national consumer goods company listed in US	Over 20 years	65.9%	45 days (<i>Note</i>)
Customer B	a group company of a Hong Kong-style chain restaurant listed in Hong Kong	4	9.8%	15 days
Customer F	a Hong Kong based supplier of food, including meat, vegetables, frozen meats and dairy products	1	7.6%	15 days
Customer C	a FMCG distributor of multi-national famous brands	13	4.0%	nil
Customer E	a Hong Kong based supplier and distributor of a wide range of food, FMCG, frozen and chilled meat and seafood	3	3.3%	10 days

Note: Since 1 July 2015, the credit period offered to Customer A was extended to 75 days.

BUSINESS

For the year ended 31 December 2014

Customer	Background	Length of relationship with us	% of our total revenue	Credit period
Customer A	a group company of a multi-national consumer goods company listed in US	Over 20 years	72.5%	45 days
Customer B	a group company of a Hong Kong-style chain restaurant listed in Hong Kong	3	7.9%	15 days
Customer C	a FMCG distributor of multi-national famous brands	13	5.2%	nil
Customer F	a Hong Kong based supplier of food, including meat, vegetables, frozen meats and dairy products	less than 1 year	4.4%	15 days
Customer E	a Hong Kong based supplier and distributor of a wide range of food, FMCG, frozen and chilled meat and seafood	3	3.0%	10 days

For the year ended 31 December 2013

Customer	Background	Length of relationship with us	% of our total revenue	Credit period
Customer A	a group company of a multi-national consumer goods company listed in US	Over 20 years	81.6%	45 days
Customer B	a group company of a Hong Kong-style chain restaurant listed in Hong Kong	2	6.2%	15 days
Customer C	a FMCG distributor of multi-national famous brands	12	4.3%	nil
Customer D	a Hong Kong based supplier of organic food	2	2.5%	nil
Customer E	a Hong Kong based supplier and distributor of a wide range of food, FMCG, frozen and chilled meat and seafood	2	2.1%	10 days

BUSINESS

We had not less than three years of business relationship with most of our five largest customers as at the Latest Practicable Date. During the Track Record Period, our Group’s five largest customers in aggregate accounted for approximately 96.7%, 93.0% and 90.6% respectively of our Group’s revenue while the largest customer accounted for approximately 81.6%, 72.5% and 65.9% respectively of our Group’s revenue. None of our Directors, their respective associates or any Shareholder (who or which, to the best knowledge of our Directors owns, more than 5% of the issued share capital of our Company) has any interest in any of the five largest customers during the Track Record Period.

Our relationship with Customer A

Our largest customer, 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 have been maintaining business relationship with this largest customer and to the best knowledge of our Directors, we are the sole logistics solutions service provider of this customer in Hong Kong for over 20 years. Customer A conducts regular inspection and assessment on our performance and set 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%, 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 Directors confirm that our service agreements with Customer A had not been stopped or suspended since we commenced business relationship with Customer A.

We consider that it is commercially beneficial for us to build up a close and long-term business relationship with Customer A. We believe that our stable relationship with Customer A was mainly due to our reputation in the industry, our comprehensive range of services offered, our extensive knowledge and experience in Hong Kong logistics market, our ability to meet their requirements as well as our high standard of service quality. We understand that Customer A does not have its own logistics centre in Hong Kong but engages our Group to provide logistics solutions services in Hong Kong. We believe that Customer A could benefit from us to maintain a broad market reach at a lower operating cost. In addition, we believe that our experience in serving Customer A will enable us to obtain a deeper understanding of the requirements and quality standard of our customers, and to improve our quality of services offered to other customers. Moreover, our long-term business relationship with renowned Customer A can show as a credit of our high quality services to other customers which in turn can attract more potential customers. As such, we are of the view that the service agreements entered into between Customer A and us were beneficial to both parties and the reliance on each other is mutual. We consider our relationship with Customer A is in line with our Group’s strategy to focus on establishing long-term relationship with reputable customers in the market. We believe that our Group has the ability to replicate our co-operation with Customer A in our development of business relationship with other customers.

BUSINESS

Alongside with maintaining constant long-term business relationship with Customer A, we have from time to time identified and take on new customers. In addition, our Group has continued to expand our sales and marketing network. Please refer to the paragraph headed “Business Strategies” in this section for more details.

The table below sets out our revenue during the Track Record Period attributable to services provided to Customer A and other customers:

	Year ended 31 December				Six months ended 30 June			
	2013		2014		2014		2015	
	HK\$'000	%	HK\$'000	%	(unaudited)		HK\$'000	%
					HK\$'000	%	HK\$'000	%
Customer A	110,714	81.6	97,739	72.5	51,189	74.3	37,880	65.9
Other customers	24,980	18.4	37,073	27.5	17,667	25.7	19,613	34.1
	<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>

It is noted that, based on the financial information set out above, the percentage of the Group’s total revenue attributable to Customer A had decreased over the two years ended 31 December 2014 and had further decreased in the six months ended 30 June 2015 due to our efforts to diversify our customer base and attract new customers.

Our revenue generated from customers other than Customer A increased significantly by 48.4% from HK\$25.0 million for the year ended 31 December 2013 to HK\$37.1 million for the year ended 31 December 2014. Our revenue generated from customers other than Customer A increased significantly by 10.7% from HK\$17.7 million for the six months ended 30 June 2014 to HK\$19.6 million for the six months ended 30 June 2015.

New customers obtained during the Track Record Period

In 2013, our Group had commenced business relationship with a well-known Hong Kong listed company which produces a wide variety of beverages (i.e. Customer V). The revenue generated from Customer V amounted to approximately HK\$0.2 million, HK\$0.2 million and nil for the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015 respectively. Although the revenue generated from Customer V was relatively small, our Directors are of the view that having a stable business relationship with well-known Customer V can show as a credit of our high quality services to other customers which in turn can attract more potential customers.

In March 2014, our Group had commenced business relationship with a Hong Kong based supplier of food, including meat, vegetables, frozen meats and dairy products (i.e. Customer F). It was one of our five largest customers for the year ended 31 December 2014 and the six months ended 30 June 2015. The revenue generated from Customer F amounted to approximately HK\$6.0 million and HK\$4.4 million for the year ended 31 December 2014 and the six months ended 30 June 2015 respectively.

BUSINESS

In April 2015, our Group had commenced business relationship with a Hong Kong based food distributor (i.e. Customer K). The revenue generated from Customer K amounted to approximately HK\$1.3 million for the six months ended 30 June 2015.

The table below sets out our revenue generated from new customers obtained during the Track Record Period:

	For the year ended		Six months
	31 December		ended
	2013	2014	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue generated from			
new customers obtained during			
the Track Record Period:			
Customer V	170	179	–
Customer F	–	5,972	4,364
Customer K	–	–	1,345
Others	82	3,251	2,259
	252	9,402	7,968
% of total revenue	0.2%	7.0%	13.9%

Our new customers are mainly (i) referred from our existing customers; and (ii) walk-in customers who engaged us to provide logistics solutions services due to our reputation and track record. Our Directors believe that referrals reflect our customers’ satisfaction to our services.

Sustainability of our business

There is no guarantee that we can maintain our business relationship with Customer A in the future. Nevertheless, we believe that our business is sustainable based on the factors set out below:

- (i) We and Customer A are inter-dependent: We are currently the sole logistics solutions service provider of Customer A in Hong Kong. We have maintained a long and stable business relationship with the Customer A for over 20 years without any interruption and we have not experienced material dispute with Customer A so far. In addition, we can meet the performance indicators set by Customer A throughout the years of collaboration and obtained a number of awards from Customer A for our achievement of high quality standards, which demonstrated the recognition from Customer A.
- (ii) Industry landscape: The Group is well-positioned in the logistics market. According to the Euromonitor Report, the revenue for the logistics solutions services in Hong Kong is expected to maintain a stable level. Over our operating history, we have built up good reputation for reliability, high quality services and our Directors are of the view that we are well prepared to take on new customers and explore new business opportunities. According to the Euromonitor Report, the growth in the logistics market is expected to be on a stable trend between 2015 and 2019. As such, our

BUSINESS

Directors are of the view that notwithstanding the recent slowdown in the retail market in Hong Kong, there are plenty of market opportunities available for the Group to further develop our customer base in the long run and reduce the reliance on Customer A.

- (iii) Transferable skills: Our Group’s services model and facilities are not specifically designed to cater solely for Customer A. In contrast, they are flexible and adaptable in serving different customers’ needs. In the unlikely event that our current business relationship with the Customer A deteriorates, we shall be able to avail our storage space and resources to serve other existing customers and new customers in a timely manner. Our Directors are of the view that, provided that our Group has sufficient resources, our services can be readily transferred to serve other potential new customers and satisfy their needs, especially in view of the wide range of integrated logistics solutions services offered by our Group. Based on past experience, our Directors estimate that depending on customers’ different needs and requirements, it would take less than one week to a few months to complete the preparations for serving new customers’ orders and it does not incur significant costs for our Group to re-allocate our resources to serve new customers’ orders. The preparation works required for serving new customers, which does not incur any significant costs, usually include fine-tuning quality procedures to suit the individual customer’s requirements, coordinating with new customers, re-designing the delivery route and warehousing space and updating computer systems to facilitate the process.
- (iv) Continue to identify potential customers: In the unlikely event that our current business relationship with the Customer A deteriorates, we believe that we will be able to respond to market challenges in a timely manner and adjust our business direction swiftly to face any new challenges, as demonstrated by our size of new customers during the Track Record Period. We will continue to monitor the market trend and identify potential customers. We have from time to time identified potential customers to cooperate with.

During the Track Record Period, we had commenced business relationship with several new customers including Customer V, Customer F and Customer K. As a plan to diversify our customer base in the long run, we would continue to (i) maintain close business relationship with the existing customers; and (ii) identify potential customers, which we consider has good market potential with reference to the industry insights of our Directors. Our Directors believe that, with our experience and proven track record in the logistics industry and our relevant network in Hong Kong, we will be able to replicate our success in the unlikely event that our relationship with Customer A deteriorates.

- (v) Continue to expand our scope of services: As one of our business strategies, we intend to expand our scope of services to provide high quality cold chain logistics services to our customers in order to capture the growing opportunities in the demand for this service. Many of our customers have requested for the cold chain logistics services, which require the setting up of cold storage areas and use of refrigerator vehicles for the storage and transport of their meat, seafood, vegetables, eggs or fruits. Our Directors believe that such expansion can reduce our reliance on Customer A while maintaining the steady growth of our business at the same time.

BUSINESS

- (vi) Experienced and dedicated management team: Our management team has extensive and in-depth knowledge of the logistics industry and our Groups’ operations. Each of our executive Directors has an average of 10 years of experience in the logistics industry and managing logistics business. We consider that they are important in driving our future business development. Additionally, we have a stable team of competent staff. As at 31 December 2013 and 2014 and 30 June 2015, we had 308, 271 and 248 staff, of which 100, 102 and 104 staff have been worked with us for over five years (represented 32.5%, 37.6% and 41.9% to the total number of staff, respectively).

Material terms of the Customer A agreements

Our agreements with Customer A 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 be expired in June 2016. The major salient terms are set out below:

- | | |
|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Services offered</i> | – The agreement specifies the types of services we provide including but not limited to transportation, warehousing and customisation services. |
| <i>Payment term</i> | – We do not require Customer A to pay any deposit, as we have long-term relationship with Customer A. We will issue an invoice to Customer A at the end of each month in respect of the services we rendered in that month. |
| <i>Credit period</i> | – 45 days from the invoice date. This credit period was extended to 75 days since 1 July 2015. |
| <i>Termination clause</i> | – Customer A may at any time by giving us not less than 60 calendar days’ prior written notice to terminate the service agreement. During the Track Record Period, none of our agreements was terminated by reason of material breach by us or Customer A. |
| <i>Key performance indicators</i> | – We are required to meet the key performance indicators (“KPI”) set by Customer A. In case such KPI results are below the relevant standards, we are required to develop a detailed plan to improve the KPI within 15 calendar days upon receiving Customer A written notice. |

BUSINESS

Accounts receivables financing arrangement

In May 2015, our Group has entered into a receivables purchase agreement with a financial institution designated by the group company of Customer A with no fixed duration, under which our Group can sell the accounts receivables of Customer A at a discounted price to such financial institution. Accordingly, the financial institution obtains the right to receive the payments made by Customer A for the invoice amount. However, the financial institution bears the loss if Customer A does not pay the invoice amount. To the best knowledge of our Directors, it is a new global practice of the group company of Customer A to offer an accounts receivables financing arrangement with selected suppliers. Our Directors considered that this arrangement can provide a flexible way to increase our working capital and finance our liquidity requirement.

During the Track Record Period, our Group had not sold any accounts receivables to any financial institution and our Directors confirmed that as at the Latest Practicable Date, our Group [had sold HK\$10.0 million] of the accounts receivables of Customer A to the financial institution in [December 2015] prior to [REDACTED] as our Directors considered that it can strengthen our working capital for future growth opportunities.

Customer services

Our customer service department handles customer general enquiries, complaints and feedback and also participates in the process of assessing whether to accept a new customer.

Our new customers are mainly (i) referred from our existing customers; and (ii) walk-in customers who engaged us to provide logistics solution services due to our reputation and track record. Upon receiving enquiry of our services, we will discuss with the potential customers and understand (i) their delivery plan, including the points of delivery and delivery schedule; (ii) their warehousing plan, including the storage requirements; and (iii) their other logistics plan, including their shipping schedules and other specific logistics requirements, if any, to evaluate our existing schedule and feasibility.

As we aim to establishing long-term relationship with reputable customers, we place great emphasis in evaluating the background of the potential customers. We will check the reputation and history of the customers in the industry.

After our internal discussion, and once we have confirmed the acceptance of the customers, we will provide price quotation to the customers specifying our price for different types of services.

We recognise that good customer services are crucial to enhance our image and reputation in the market and customer loyalty. Thus, we closely follow up with the orders and level of satisfaction of our customers. We also gather customers' feedback and review the flow of our services in order to increase our customers' satisfaction and improve our service quality. As at 30 June 2015, we had seven employees in the customer service department.

BUSINESS

We have not experienced any material complaints by our customers during the Track Record Period.

SUPPLIERS

Our suppliers mainly include subcontractors for transportation services and container handling services, landlords of our warehouses in Hong Kong, and suppliers of packing materials. We rented several floors and units in Allied Cargo Centre and Leader Industrial Centre with an approximate total area of 400,000 sq. ft. from the landlords which are all Independent Third Parties.

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

	For the year ended 31 December		For the six months ended
	2013	2014	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	2015 <i>HK\$'000</i>
Operating lease rentals in respect of rented premises	24,118	31,450	17,039
Sub-contracting expenses	24,958	25,412	10,730
Packing materials	939	980	349
Total direct costs	<u>50,015</u>	<u>57,842</u>	<u>28,119</u>

The following table sets forth the details of our five largest suppliers during the Track Record Period:

For the six months ended 30 June 2015

Supplier	Principal business with our Group	Length of relationship with us	Locations of business operations	% of our total direct costs
Supplier A	our landlord	Over 20 years	Hong Kong	37.8%
Supplier B	our subcontractor for transportation services	Over 20 years	Hong Kong	12.9%
Supplier D	our landlord	7	Hong Kong	4.1%
Supplier G	our landlord	less than 1 year	Hong Kong	3.4%
Supplier F	our landlord	2	Hong Kong	2.7%

BUSINESS

For the year ended 31 December 2014

Supplier	Principal business with our Group	Length of relationship with us	Locations of business operations	% of our total direct costs
Supplier A	our landlord	Over 20 years	Hong Kong	41.9%
Supplier B	our subcontractor for transportation services	Over 20 years	Hong Kong	14.6%
Supplier D	our landlord	6	Hong Kong	4.3%
Supplier C	our subcontractor for container handling services	2	Hong Kong	3.7%
Supplier F	our landlord	1	Hong Kong	3.2%

For the year ended 31 December 2013

Supplier	Principal business with our Group	Length of relationship with us	Locations of business operations	% of our total direct costs
Supplier A	our landlord	Over 20 years	Hong Kong	36.9%
Supplier B	our subcontractor for transportation services	Over 20 years	Hong Kong	12.6%
Supplier C	our subcontractor for container handling services	1	Hong Kong	4.5%
Supplier D	our landlord	5	Hong Kong	4.3%
Supplier E	our subcontractor for transportation services	4	Hong Kong	4.2%

BUSINESS

We have developed close business relationship with our five largest suppliers for a period ranging from one to over 20 years as at the Latest Practicable Date. For the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, our five largest suppliers, all of which are Independent Third Parties, accounted for approximately 62.5%, 67.7% and 60.9%, respectively, of our total direct costs, which include Operating lease rentals in respect of rented premises, sub-contracting expenses and packing materials, and our largest supplier accounted for approximately 37%, 41.9% and 46.6%, respectively, of our total direct costs during the same period.

During the Track Record Period, our five largest suppliers are all Independent Third Parties. None of our Directors, their respective associates or any Shareholder (who or which, to the best knowledge of our Directors owns more than 5% of the issued share capital of the Company) has any interest in our five largest suppliers during the Track Record Period.

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 a large workforce; and (ii) increase flexibility and cost effectiveness in carrying out our services. 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 terms of each transaction (such as price, payment terms and delivery schedule) will be set out in the purchase order of each transaction. Our Directors are of the view that the subcontracting arrangement is common within the logistics industry. We maintained a cordial and long-term co-operative relationship with our subcontractors and will exercise all reasonable endeavours to cultivate and maintain such relationship. In addition, we require our subcontractors to follow our in-house rules in relation to work quality and occupational safety. All of our subcontractors possess relevant licences for operating their own vehicles or machineries.

In general, the subcontractors charge us based on the price list which specifies the price range for each type of services they provided. Such list will be renewed from time to time. There is no minimum requirement nor are we required to pay our subcontractors minimum fees for the services.

Our Group engaged 16 subcontractors during the Track Record Period. The salient terms of a typical master subcontracting agreement are set out below:

<i>Terms or duration:</i>	Master agreements do not contain any standard fixed duration.
<i>Obligations:</i>	The subcontractors provide services with their own vehicles and machineries (where relevant).

BUSINESS

Price: The purchase order normally specifies the types of services to be provided and the price of such services. There is no price adjustment provisions stated in the purchase order.

Credit term: No credit terms is offered.

Payment terms: No deposit is required. Amount payable to the subcontractor will be settled monthly.

Termination: If the subcontractor fails to fulfill its obligations, after receiving two warnings from our Group, the master subcontracting agreement will be terminated with immediate effect without any compensation.

The master subcontracting agreement can be terminated by either party by giving prior written notice. During the Track Record Period, none of our purchase orders with the subcontractors was terminated by reason of material breach by the subcontractors or liquidation or petition for bankruptcy or winding up of the subcontractors.

Quality of subcontractors

In order to ensure the quality of our subcontractors, we implement certain quality control procedures over the subcontractors:

- (i) *Subcontractor selection* – We generally select the independent subcontractors based on their track record, their availability, ability or capability to handle the relevant orders, and the cost of service. Based on these factors, our Group selects and maintains a list of approved subcontractors, which is reviewed and updated on a continuous basis. Once the most suitable subcontractor is identified, we then negotiate on the terms of services including the means and time of delivery with the selected subcontractors.
- (ii) *Performance review* – We review the performance, turnaround time and pricing terms offered by our subcontractors on a regular basis. We also assess whether the subcontractor have sufficient resources and skills to fulfill our requirements. If the subcontractors repeatedly fail to meet our quality standards, we will terminate the master subcontracting agreement with the subcontractors with immediate effect without compensation and we will not engage such subcontractors again.
- (iii) *Licences check* – We will check whether the subcontractors possess the relevant licences for operating their own vehicles or machineries.

BUSINESS

During the Track Record Period, we did not experience any material delay of supply due to defaults of our subcontractors. Our Directors have confirmed that none of our suppliers was our major customer during the Track Record Period. In the event that any master subcontracting agreement is terminated for whatever reason, our Directors are of the view that we do not anticipate any material difficulties in sourcing new subcontractors for replacement as there are many comparable subcontractors in the market.

SEASONALITY

As an integrated logistics solutions service provider in Hong Kong, we are primarily engaged in providing services to our customers to serve their needs along their supply chains. Our business performance therefore, to a large extent, is affected by our customers’ business performance and developments in Hong Kong. The demands for our services fluctuate in accordance with fluctuations in the demands for our customers’ products. Demand for our services is generally stronger during the second half of the year, especially in the few months leading to the Mid-Autumn Festival and the Christmas holidays, and the few weeks leading to the Chinese New Year holidays. Accordingly, comparison of sales and operating results from different periods in any given financial year may not be relied upon as indicators of our performance.

SALES AND MARKETING

Due to our long history in the logistics industry in Hong Kong and our well-established relationship with our existing customers, we are able to rely on our existing customer base, our reputation in the industry and client referrals to expand our business so that we do not rely heavily on promotional activities.

However, to maintain market awareness of our brand and taking into account that our services are rendered to customers in different locations in Hong Kong, our staff are required to put on staff uniform and banners with the Group’s names and logos are hanged on our fleet of vehicles.

We consider maintaining constant business relationships with our customers and potential customers in the logistics industry is important for our Group to explore new and potential business opportunities. We intend to enhance our sales and marketing strategy to further promote our brand awareness through various means, including advertising on magazines and participating in promotional activities, for example trade fair. For more details, please refer to the paragraph headed “Business Strategies” in this section.

QUALITY CONTROL

Our Directors consider that the ability to maintain the quality of our logistics solutions services is crucial to the long term growth of our Group.

Our quality control is conducted by our quality assurance team comprising of two quality assurance officers, under which we have a quality control team comprising of 10 quality control staff. Our quality assurance team including quality control team are required to receive specialised training. Our quality assurance officers are responsible for formulating and implementing systematic quality control policies and standard operating procedures integrated into our operational processes in order to maximise the overall quality consistency of our services. They also oversee, in general, compliance of the quality control policies and procedures by different

BUSINESS

departments of the Group. Our quality assurance team also monitors our Group's quality of services to Customer A to ensure compliance with the specific performance indicators set by Customer A. Our quality control team is supervised and led by the quality assurance officers, is responsible for monitoring the customisation services and undertaking quality inspection in the entire customisation services process. In addition, the quality control team is also responsible for carrying out sample checks and inspections to identify quality defects.

Our quality control policy mainly includes the following processes:

- Purchase of packing materials – Unless specified by our customers, we usually select our suppliers for packing materials based on the quality of their packing materials supplied, pricing and our internal procurement standards of raw materials.
- Operation – Every stage of our operation process is monitored by our quality assurance team to ensure that the operation process conforms to specific quality control requirements. Supervisors of different operation processes also carry out regular inspection.
- Machinery and equipment management – Regular inspections and maintenance are carried out by us to ensure the up-to-standard performance of our machinery and equipment.
- Staff quality awareness – Regular trainings and continuous assessments of the performance of staff are conducted.

As at the Latest Practicable Date, we are in the process of applying for the ISO9001:2008. The ISO9001 certification is an internationally recognised standard for quality management.

During the Track Record Period and up to the Latest Practicable Date, there was no incident of failure of our quality control systems which had a material impact on our business operations.

ENVIRONMENTAL PROTECTION, HEALTH AND WORK SAFETY

Due to the nature of our business, our operational activities do not directly generate industrial pollutants, and we did not incur directly any cost of compliance with applicable environmental protection rules and regulations during the Track Record Period. Our Directors expect that our Group will not directly incur significant costs for compliance with applicable environmental protection rules and regulations in the future. As at the Latest Practicable Date, our Group had not come across any material non-compliance issues in respect of any applicable laws and regulations on environmental protection.

Our Group has established procedures to provide our staff with a safe and healthy working environment by providing work safety rules in the staff manual for our staff to follow. In addition, our Group provides our employees with occupational safety education and trainings to enhance their awareness of safety issues. Our Group follows the health and safety-related rules and regulations in accordance with the Occupational Safety and Health Ordinance and devise a series of requirements for workplace environmental control and hygiene at workplaces pursuant to the Occupational Safety and Health Ordinance. During the Track Record Period, our Group did not experience any significant incidents or accidents in relation to workers' safety or any non-compliance with the applicable laws and regulations relevant to the work safety and health issues.

BUSINESS

COMPETITION

According to Euromonitor, the logistics industry is fragmented and competitive. In 2013, Hong Kong had over 5,000 logistics service providers. In 2014, total revenue of the logistics industry amounted to approximately HK\$373.9 billion. We primarily compete with the competitors based on the quality of service (including reliability, responsiveness, expertise and convenience) and price. The leading logistics service providers have more business resources to sign global servicing contract with multi-national companies, they tend to provide a comprehensive range of services from freight forwarding, supply chain management solutions, customs clearance, freight tracking and monitoring, to distribution solutions.

INFORMATION TECHNOLOGY

Our existing ERP systems are tailored to cater for our various operational and functional needs, including delivery route planning, cargo receiving, online shipping documentation, tracking and tracing and purchase order management. However, in light of our growth and expansion, we intend to upgrade our ERP systems by including barcode scanners. We believe that the increased level of automation enhances our cost efficiency. For more details, please refer to the paragraph headed “Business Strategies” in this section.

In respect of our inventory management, our ERP systems with barcode scanners enable us and our customers to keep track of, and input stock data, discrepancy levels, reordering levels, and control expiry-date products. These features allow efficient inventory management and effective inventory replenishment planning.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any failure in our operation systems which caused material disruptions to our operations.

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, our Group has registered our domain name, www.world-linkasia.com, in Hong Kong. Our Group had also submitted application for registration of trademarks in Hong Kong. The applications were still being processed as at the Latest Practicable Date.

Detailed information of our intellectual property rights is set out in the section headed “Intellectual property rights” in Appendix IV to this document.

Our Directors confirm that we had not experienced any infringement to our intellectual property during the Track Record Period which had a material adverse effect on our business, results of operations, financial condition and prospects. During the Track Record Period, our Directors confirmed that we had not received any infringement claims nor had we filed any infringement claims against any third parties.

BUSINESS

PROPERTIES

As at the Latest Practicable Date, we rented several floors and units in two industrial buildings in Hong Kong with an approximate total area of 400,000 sq. ft. All of our leases were entered into with Independent Third Parties.

No	Location of property	Gross floor area (sq. ft.)	Landlord	Date of expiry of lease
1	Portion of ground floor, 2/F to 6/F and 4 lorry parking spaces, Allied Cargo Centre, Nos. 150-164 Texaco Road, Tsuen Wan, New Territories, Hong Kong	117,070	Supplier A	30 June 2016
2	14/F to 19/F, 21/F, 22/F, 24/F, Allied Cargo Centre, Nos. 150-164 Texaco Road, Tsuen Wan, New Territories, Hong Kong	185,040	Supplier A	30 June 2016
3	23/F, Allied Cargo Centre, Nos. 150-164 Texaco Road, Tsuen Wan, New Territories, Hong Kong	20,660	Supplier A	30 June 2016
4	Units A, B, C, D and E on 4/F, Block 1 and factory units F and G on 4/F, Block 2, Leader Industrial Centre, 200 Texaco Road, Tsuen Wan, New Territories, Hong Kong	24,885	Independent Third Party	30 June 2017
5	Unit F, 1/F and L7 parking space, Block 2, Leader Industrial Centre, 200 Texaco Road, Tsuen Wan, New Territories, Hong Kong	10,423	Independent Third Party	31 May 2016
6	Units F, G, H, J, K on 10/F and car park no. 2P6 on 1/F, Block 2, Leader Industrial Centre, 200 Texaco Road, Tsuen Wan, New Territories, Hong Kong	17,713	Independent Third Party	9 March 2017
7	Units F, G, H, J, K on 3/F, Block 2, Leader Industrial Centre, 200 Texaco Road, Tsuen Wan, New Territories, Hong Kong	17,713	Independent Third Party	31 December 2015

BUSINESS

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.

Up to the Latest Practicable Date, we have been maintaining 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 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, which accounted for approximately 37%, 41.9% and 46.6% of our total direct costs for the corresponding period, respectively.

Based on our Directors' experience, the renewal negotiation with Supplier A and other landlords usually commences 6 months prior to the expiry of the tenancy agreements. Our Group intends to renew all the leases upon expiry. In respect of the status of the renewal of leases, negotiation for the renewal of the leases with Supplier A has been commenced as at the Latest Practicable Date. We are not aware of any difficulty in renewing these leases.

The tenancy agreements typically have a term of three years. We did not have significant difficulties in renewing our tenancy agreements in a timely manner during the Track Record Period. In the event that Supplier A or other landlords do not renew the tenancy agreements with us, our Directors are of the view that it would not have any material and adverse impact on our business and operations because (i) we can find comparable properties to relocate the relevant logistics facilities, if necessary; and (ii) we do not anticipate any material practical difficulties in relocating these facilities and the estimated time and cost for relocation are minimal.

As at 30 June 2015, none of the properties leased by us has a carrying amount of 15% or more of our combined total assets. Accordingly, this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous) Ordinance which require a valuation report with respect to all our Group's interests in land or buildings.

The following table sets forth the information relating to the breakdown of the total and average monthly operating lease rentals in respect of rented premises for the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015:

	For the year ended 31 December		For the six months ended
	2013	2014	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2015 HK\$'000</i>
Total operating lease rentals	24,118	31,450	17,039
Average monthly operating lease rentals	2,010	2,621	2,840

BUSINESS

Our total operating lease rentals in respect of rented premises for the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015 amounted to approximately HK\$24.1 million, HK\$31.5 million and HK\$17.0 million 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.

INSURANCE

Our Group maintains insurance policies against loss or damage to its office and business interruption. Our Directors believe that the insurance coverage taken out by us is in line with industry norms in Hong Kong and is adequate and sufficient for our operations. Our Directors have confirmed that we were not subject to any material insurance claims or liabilities arising from our operation during the Track Record Period.

AWARDS

In recognition of our commitment to quality services and we have met the key performance indicators set by Customer A since the commencement of our business relationship, Customer A (being our largest customer) gave us a number of awards and appreciation letters. Apart from Customer A, other customers also gave us appreciation letters in recognition of our commitment to quality services. The major of which are set out below:

Year of grant	Name of awards/appreciation letters	Awarding customers
2015	Appreciation Letter for the outstanding service	Customer A
	Appreciation Letter for the outstanding service	Customer S <i>(Note 1)</i>
	Appreciation Letter for the outstanding service	Customer V <i>(Note 2)</i>
2014	Appreciation Letter for the outstanding distribution service	Customer A
	Appreciation Letter for the outstanding service	Customer F <i>(Note 3)</i>
2013	Appreciation Letter for the outstanding service	Customer E <i>(Note 4)</i>
2011	Appreciation of Providing Excellence and Dedicated Services in the 20 Years of Partnership Award	Customer A

BUSINESS

Year of grant	Name of awards/appreciation letters	Awarding customers
2007	Distribution Service Centre of the Year	Customer A
2005	100% QAC Award – Quality Assurance	Customer A
2001	Third-level Pinnacle Award	Customer A
1997-2000	Quality Assurance Pinnacle Award	Customer A

Notes:

1. Customer S is a company specializing in the sale of canned food, food and hospitality food.
2. Customer V is a well-known Hong Kong listed company which produces a wide variety of beverages.
3. Customer F is a Hong Kong based supplier of food, including meat, vegetables, frozen meats and dairy products. It was one of our five largest customers for the year ended 31 December 2014 and the six months ended 30 June 2015.
4. Customer E is a Hong Kong based supplier and distributor of a wide range of food, FMCG, frozen and chilled meat and seafood. It was one of our five largest customers for the year ended 31 December 2013 and 2014 and the six months ended 30 June 2015.

LICENCES AND PERMITS

Our HK Legal Advisers have confirmed that our Group have obtained all necessary licences, approvals and permits that are material to our business, all of which are valid and current save as disclosed in this document, and we have been in compliance in all material respects with the applicable laws and regulations in Hong Kong since our commencement of business operations. The details of the licences and approval obtained by our Group for our business are as follows

Licences	Issuing body	Date of grant	Date of expiry
Dangerous goods licence	Electrical and Mechanical Services Department	1999	Until cancellation
Notice of approval as rice storage	Trade and Industry Department	21 May 2015	Until cancellation

BUSINESS

RISK MANAGEMENT

In the course of conducting our business, we are exposed to various types of risks, including credit risks, operational risks, market risks, liquidity risks and regulatory risks, the details of which have been disclosed under the section headed “Risk factors” in this document. In addition, we also face various financial risks. Please refer to the section headed “Financial Information — Quantitative and qualitative disclosure of financial risks” of this document for further details.

We have established a set of risk management policies and measures to identify, evaluate and manage risks arising from our operations. The following table sets out some of the primary operational risks our business faces and our risk management measures and procedures:

(a) Risk of reliance on Customer A

In order to reduce our reliance on Customer A, we had made considerable effort to diversify our customer base and attract new customers. For further details, please refer to the paragraph headed “Our relationship with on Customer A” in this section.

(b) Risk of 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. Our Directors believe that we can find comparable properties to relocate the relevant logistics facilities, if necessary; and (ii) we do not anticipate any material practical difficulties in relocating these facilities and the estimated time and cost for relocation are minimal. For further details, please refer to the paragraph headed “Reliance on Supplier A” in this section.

(c) Risk of reliance on subcontractors

We would be liable for the loss and damages caused by our subcontractors. To minimise the risk of reliance on our subcontractors for the provision of services, we have established a selection and control system as follows:

- to closely monitor to ensure our subcontractors’ performance meets our standards at all times;
- to evaluate our subcontractors’ performance in terms of their efficiency, service quality, responsiveness to our requests and fee levels from time to time; and
- to continuously explore potential new subcontractors.

BUSINESS

On-going measures to implement the risk management policies

In order to continuously improve our Group’s internal control and risk management system upon [REDACTED], our Group has established an on-going process for identifying, evaluating and managing the significant risks faced by our Group. The key procedures that our Group has established and implemented are summarised as follows:

- segregating duties and functions of the respective operational departments of our Group;
- reviewing systems and procedures to identify, measure, manage and control risks; and
- updating the staff handbook, internal control manual and compliance manual where there are changes to business environment or regulatory guidelines.

We will continuously monitor and improve our risk management measures to ensure that effective operation of those measures is in line with the growth of our business.

TAXATION

As all our operations take place in Hong Kong, we are subject to corporate profits tax for our operations in Hong Kong. In general, we are chargeable to tax on all assessable profits (excluding profits arising from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business. Other than such corporate profits tax, our Group is not subject to any other taxes under Hong Kong tax laws. The corporate profits tax rate of Hong Kong was 16.5% during the Track Record Period. Our Directors consider that we have fully satisfied all our tax obligations in Hong Kong during the Track Record Period and up to the Latest Practicable Date.

CONNECTED TRANSACTIONS

During the Track Record Period, other than the transactions as set out in note 22 to the Accountant’s Report in Appendix I to this document, we did not enter into any other connected transactions. As at the Latest Practicable Date, we did not have any connected transactions which will be continued or carried out by us after the [REDACTED] which will be subject to reporting, announcement and shareholders’ approvals requirements under the GEM Listing Rules.

BUSINESS

EMPLOYEES

Our Group had a total of 308, 271 and 248 full-time employees as at 31 December 2013, 31 December 2014 and 30 June 2015 respectively. A breakdown of our full-time employees by function as at 30 June 2015 is set forth below.

	As at 30 June 2015
Management	4
Transportation	8
Shipping	3
Warehouse	59
Customisation	146
Quality assurance	12
Finance and accounting	3
Customer services	7
Human resources and administration	6
	<hr/>
	248
	<hr/> <hr/>

Relationship with staff

We maintain good working relationship with our staff. Our Directors believe that our working environment and benefits offered to our employees have contributed to building good staff relations and retention. During the Track Record Period, we did not experience any strike or labour dispute with our staff which had a material effect on our business or results of operations.

Employee compensation insurance

Our Group maintains employee compensation insurance for all our employees as required under the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) and other applicable laws and regulations in Hong Kong. Our Directors consider that our employee compensation insurance coverage is sufficient and in line with the normal commercial practice in Hong Kong.

Recruitment policies and training

Our Group intends to use our best effort to attract and retain appropriate and suitable personnel to serve our Group. Our Group assesses the available human resources on a continuous basis and will determine whether additional personnel are required to cope with our business development. With the aim to encourage our employees to continuously develop themselves by further education, we provide our employees with on-the-job training relevant to their current roles in our Group. We also provide training regarding the safety awareness and also the computer and information security. We value our employees as our assets in which we invest our resources in order for them to make a greater contribution to our success. We have not experienced any material difficulties in recruiting new staff.

BUSINESS

Remuneration

For the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, the remuneration payable to our employees included fees, salaries, retirement benefit scheme contributions and other benefits was approximately HK\$37.8 million, HK\$37.0 million and HK\$16.1 million, respectively. We determine the employee’s remuneration based on factors such as qualification, duty, contributions and years of experience. We provide a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong. The key principles of the remuneration policy are to remunerate employees in a manner that is market competitive. We regularly carry out staff evaluation to assess their performance.

Share Option Scheme

Our Company has conditionally adopted the Share Option Scheme in which certain eligible participants may be granted options to acquire Shares. Our Directors believe that the Share Option Scheme will assist our recruitment and retention of quality executives and employees. A summary of the principal terms of the Share Option Scheme is set out in the paragraph headed “Share Option Scheme” in Appendix IV to this document.

LEGAL PROCEEDINGS

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any litigation, claim, administrative action or arbitration which had a material adverse effect on the operations or financial condition of our Group.

COMPLIANCE

Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, there was no non-compliance incident which is material impact non-compliance or systemic non-compliance. Our Directors also confirmed that during the Track Record Period and up to the Latest Practicable Date, our Group has obtained all necessary permits, approvals and licences to operate its existing business in Hong Kong from relevant governmental bodies.

Deed of Indemnity

Our Controlling Shareholders have entered into the Deed of Indemnity in favour of our Group to provide indemnities on a joint and several basis in respect of, among other matters, all claims, payments, suits, damages, settlements, payments, fines, actions, liabilities and any associated costs and expenses which may be incurred or suffered by our Group directly or indirectly, from or on the basis of or in connection with any litigation, arbitration and/or legal proceedings against any member of our Group which was issued and/or accrued and/or arising from any act, non-performance, omission or otherwise of any member of our Group occurred at any time on or before the [REDACTED] Date. This further protects our Group from any material adverse consequence due to any claims incurred on or before the [REDACTED] Date. Further details of the Deed of Indemnity are set out in the Appendix IV to this document.

BUSINESS

Our Directors are satisfied that our Controlling Shareholders have sufficient financial resources to honour their obligations to provide indemnities in respect of the aforesaid outstanding claim against our Group under as stated in the Deed of Indemnity. Our Directors, after carrying out enquiries on the facts and circumstances leading to the non-compliances, have considered that the non-compliances have no material financial and operational impact on our Group.

Corporate governance measures to ensure on-going compliance with applicable laws and regulations

Our Group has taken the following measures to on-going ensure compliance with various applicable laws and regulations:

- a) We engaged internal control consultants to review our Group’s internal control systems and procedures in June 2015. We will adopt measures and policies to improve our internal control systems based on their review and recommendations.
- b) A detailed memorandum prepared by the HK Legal Advisers, setting out the ongoing regulatory requirements of our Directors after the [REDACTED] has been distributed to and reviewed by our Directors.
- c) Our Directors and senior management of our Group have attended training sessions conducted by the HK Legal Advisers on the on-going obligations and duties of directors of a publicly listed company, including sessions on connected transactions, code of corporate governance, dealing in securities, disclosure of price-sensitive information, notifiable transactions and dissemination of information.
- d) Our Company has appointed Ms. Leung Ho Yee, as the company secretary, who is responsible for the day-to-day compliance matters of our Group. She is also responsible for monitoring the timing for convening annual general meetings of our Company.
- e) An audit committee will be established to review the internal control systems and procedures for compliance with the requirements of the GEM Listing Rules.
- f) Our Company has appointed Octal Capital as our compliance adviser to advise on compliance matters in accordance with the GEM Listing Rules.

Our Directors are of the view that the internal control measures adopted by our Group are adequate and effective in significantly reducing the risk of future non-compliance with legal and regulatory requirements in Hong Kong.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR 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 of each of the members of our Group during and since the Track Record Period and continue 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 document.

Immediately following 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 [REDACTED] of the issued share capital of our Company, with (i) Best Matrix (wholly owned by Mr. Lee) effectively holding [REDACTED] of the total issued share capital of our Company; (ii) Orange Blossom (wholly owned by Mr. Yeung) effectively holding approximately [REDACTED] of the total issued share capital of our Company; and (iii) Leader Speed (wholly owned by Mr. Luk) effectively holding approximately [REDACTED] 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 our Controlling Shareholder within the meaning of the GEM Listing Rules.

COMPANIES OWNED BY OUR CONTROLLING SHAREHOLDERS BUT NOT INCLUDED IN OUR GROUP

Our Controlling Shareholders are also interested in a number of companies which are either (i) inactive or (ii) engaged in other business activities that are not related to our Group’s businesses, all such businesses will not form part of our Group after the [REDACTED].

RULE 11.04 OF THE GEM LISTING RULES

Each of our Controlling Shareholders, our Directors, our substantial Shareholders and their respective close associates do not have any interest in a business apart from our Group’s business which competes or is likely to compete, directly or indirectly, with our Group’s business, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that our Group is capable of carrying on our business independent of and without undue reliance on our Controlling Shareholders and their respective close associates after the [REDACTED] based on the following reasons:

Management independence

Our management and operational decisions are made by the Board and senior management. The Board comprises three executive Directors and three independent non-executive Directors. Although Mr. Yeung, Mr. Lee and Mr. Luk who are the ultimate Controlling Shareholders also hold directorships in our Company, we consider that our Board and senior management will function independently from our Controlling Shareholders because:

- (a) each Director is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interest of our Company and does not allow any conflict between his duties as a Director and his personal interests;
- (b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meetings in respect of such transactions, and shall not be counted in forming quorum; and
- (c) all our senior management members are independent from our Controlling Shareholders. They have served our Group for a sufficient length of time during which they have demonstrated their capability of discharging their duties independently from our Controlling Shareholders.

Operational independence

Our Group has established our own organisational structure comprising of individual departments, each with specific areas of responsibilities. Our Group has not shared our operational resources, such as suppliers, customers, sales and marketing and general administration resources, with our Controlling Shareholders and/or their respective close associates.

As at the Latest Practicable Date, there were no business transactions between us and any of our Controlling Shareholders.

Based on the above, our Directors are of the view that we are independent of our Controlling Shareholders in terms of business operations.

Financial independence

Our Group has our own financial management and accounting systems, accountant and administration department and independent treasury functions, and we make financial decision according to our own business needs.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

All the amounts due to our Directors, Controlling Shareholders and their associates, [were] settled in full or released or waived before the [REDACTED].

Having considered the above factors, our Directors consider that we have no financial dependence on our Controlling Shareholders.

Independence of major customers

Our Directors confirmed that none of our Controlling Shareholders, our Directors and their respective close associates, have any relationship with the major customers of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period and up to the Latest Practicable Date.

NON-COMPETE UNDERTAKING

Our Controlling Shareholders as covenantors (each of them, a “**Covenantor**” and collectively, the “**Covenantors**”) executed the Deed of Non-Competition in favour of our Company (for itself and as trustee for and on behalf of our subsidiaries).

In accordance with the Deed of Non-Competition, each Covenantor undertakes that, from the [REDACTED] Date and ending on the occurrence of the earliest of (i) the date on which the Shares cease to be listed on GEM; or (ii) the date on which the Covenantors cease to be a Controlling Shareholder:

1. Non-competition

He/it will not, and will use his/its best endeavours to procure any Covenantor, his/its close associates (collectively, the “**Controlled Persons**”) and any company directly or indirectly controlled by the Covenantor (the “**Controlled Company**”) not to, either on his/its own or in conjunction with any body corporate, partnership, joint venture or the contractual agreement, whether directly or indirectly, whether for profit or not, carry on, participate in, hold, engage in, acquire or operate, or provide any form of assistance to any person, firm or company (except members of our Group) to conduct any business which, directly or indirectly, competes or is likely to compete with the business of our Company or any of our subsidiaries in Hong Kong and such other places as our Company or any of our subsidiaries may conduct or carry on business from time to time, including but not limited to the provision of integrated logistics solutions services to meet the needs of the customers’ supply chains which include transportation, warehousing, customisation services (mainly consist of repacking services and labeling services) as well as diversified value-added services (mainly consist of container handling services and assistance in preparation of shipping document services) in Hong Kong (the “**Restricted Business**”).

The Deed of Non-Competition does not apply if the Controlled Persons and Controlled Company in aggregate own any interest not exceeding five per cent. of the issued shares in any company conducting any Restricted Business (the “**Relevant Company**”), and the Relevant Company is listed in any recognised stock exchange (as defined under the SFO), notwithstanding that the business conducted by the Relevant Company constitutes or might constitute competition with the business of our Company or any of our subsidiaries,

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

provided that (i) the shareholding of any one holder (and his close associate, if applicable) in the Relevant Company is more than that of the Controlled Persons and the Controlled Company in aggregate at any time; and (ii) the total number of the relevant Covenantors’ representatives on the board of directors of the Relevant Company is not significantly disproportionate with respect to his shareholding in the Relevant Company.

2. New business opportunity

If any Covenantor and/or any Controlled Company is offered or becomes aware of any business opportunity directly or indirectly to engage in or own a Restricted Business (the “**New Business Opportunity**”):

- (a) he/it shall within 10 days notify our Company of such New Business Opportunity in writing and refer the same to our Company for consideration, and shall provide the relevant information to our Company in order to enable us to make an informed assessment of such opportunity; and
- (b) he/it shall not, and shall procure that his Controlled Persons or Controlled Companies not to, invest or participate in any project and New Business Opportunity, unless such project and New Business Opportunity shall have been rejected by our Company and the principal terms of which the Covenantor or his/its Controlled Persons or Controlled Companies invest or participate in are no more favourable than those made available to our Company.

A Covenantor may only engage in the New Business Opportunity if (i) a notice is received by the Covenantor from our Company confirming that the New Business Opportunity is not accepted and/or does not constitute competition with the Restricted Business (the “**Non-acceptance Notice**”); or (ii) the Non-acceptance Notice is not received by the Covenantor within 30 days after the proposal of the New Business Opportunity is received by our Company.

Any Director who has an actual or potential material interest in the New Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the remaining non-interested Directors) and voting at, and shall not count towards the quorum for, any meeting or part of a meeting convened to consider such New Business Opportunity.

Our independent non-executive Directors will be responsible for reviewing and considering whether or not to take up a New Business Opportunity referred by a Covenantor or Controlled Company or whether or not the New Business Opportunity constitutes competition with the Restricted Business and such decisions will be made by our independent non-executive Directors. The factors that will be taken into consideration in making the decision include whether it is in line with the overall interests of our Shareholders.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

3. Corporate governance measures

In order to ensure the performance of the above non-competition undertakings, the Covenantors will:

- (a) as required by our Company, provide all information which is necessary for our independent non-executive Directors to conduct annual examination with regard to the compliance of the terms of the Deed of Non-Competition and the enforcement of it;
- (b) our Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual examination by the independent non-executive Directors and the enforcement of the Deed of Non-Competition;
- (c) procure our Company to disclose to the public either in the annual report of our Company or issue a public announcement in relation to any decisions made by our independent non-executive Directors with regard to the compliance of the terms of the Deed of Non-Competition and the enforcement of it;
- (d) where our independent non-executive Directors shall deem fit, make a declaration in relation to the compliance of the terms of the Deed of Non-Competition in the annual report of our Company, and ensure that the disclosure of information relating to compliance with the terms of the Deed of Non-Competition and the enforcement of it are in accordance with the requirements of the GEM Listing Rules; and
- (e) that during the period when the Deed of Non-Competition is in force, fully and effectually indemnify our Company against any losses, liabilities, damages, costs, fees and expenses as a result of any breach on the part of such Covenantor of any statement, warrant or undertaking made under the Deed of Non-Competition.

The Deed of Non-Competition and the rights and obligations thereunder are conditional upon (a) the Listing Division granting the [REDACTED] of, and the permission to deal in, the Shares, as described in this document, and (b) the [REDACTED] and dealings in the Shares on GEM taking place.

As the Covenantors have given non-competition undertakings in favour of our Company, and none of them have interests in other businesses that compete or are likely to compete with the business of our Group, our Directors are of the view that they are capable of carrying on our Group’s business independently of the Covenantors following the [REDACTED].

FUTURE PLANS AND USE OF PROCEEDS

BUSINESS OBJECTIVES AND STRATEGIES

Our Directors believe that the [REDACTED] of our Shares on GEM will enhance our corporate profile and the net proceeds from the [REDACTED] will strengthen our financial position and will enable us to implement our business plans set out in the section headed “Implementation plan” in this section below.

Furthermore, a public [REDACTED] status on the Stock Exchange will give us access to the capital market for corporate finance exercise which will assist us in our future business development, enhances our corporate profile and strengthens our competitiveness.

Please refer to the section headed “Business – Business strategies” in this document for our business objectives and strategies.

IMPLEMENTATION PLAN

In pursuance of the above business objectives, the implementation plans of our Group are set forth below for each of the six-month periods until 31 December 2017. Investors should note that the following implementation plans are formulated on the bases and assumptions referred to the paragraph headed “Bases and Assumptions” in this section below. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors set forth in the section headed “Risk Factors” of this document.

For the period from the Latest Practicable Date to 31 December 2015

Business strategies	Implementation activities	Source of funding
To expand the scope of our services	<ul style="list-style-type: none">Conduct feasibility studies on enhancement of the existing facilities for chilled and frozen products	Internal fund
To enhance our sales and marketing effort	<ul style="list-style-type: none">Conduct market research on the industry trend and development	Internal fund
To further strengthen our information technology and systems	<ul style="list-style-type: none">Obtain quotation from service providers and discuss the scope of service with the service providers	Internal fund

FUTURE PLANS AND USE OF PROCEEDS

For the six months ending 30 June 2016

Business strategies	Implementation activities	Source of funding
To expand the scope of our services	<ul style="list-style-type: none"> Install air-conditioner in a designated area in the Group’s existing warehouse so as to store wine, eggs, canned food, cheese and cosmetic products Purchase of one refrigerator vehicle to transport chilled and frozen food 	Net proceeds of the [REDACTED] of approximately HK\$[REDACTED]
To enhance our sales and marketing effort	<ul style="list-style-type: none"> Initiate marketing and promotion campaigns 	Net proceeds of the [REDACTED] of approximately HK\$[REDACTED]
To attract and retain talented and experienced personnel	<ul style="list-style-type: none"> Employ three new staff 	Net proceeds of the [REDACTED] of approximately HK\$[REDACTED]

For the six months ending 31 December 2016

Business strategies	Implementation activities	Source of funding
To enhance our sales and marketing effort	<ul style="list-style-type: none"> Launch of marketing and promotion campaigns 	Net proceeds of the [REDACTED] of approximately HK\$[REDACTED]
To further strengthen our information technology and systems	<ul style="list-style-type: none"> Review and maintain the performance of the ERP systems Install and test run the barcode system 	Net proceeds of the [REDACTED] of approximately HK\$[REDACTED]
To attract and retain talented and experienced personnel	<ul style="list-style-type: none"> Retain talented and experienced personnel 	Net proceeds of the [REDACTED] of approximately HK\$[REDACTED]

FUTURE PLANS AND USE OF PROCEEDS

For the six months ending 30 June 2017

Business strategies	Implementation activities	Source of funding
To expand the scope of our services	<ul style="list-style-type: none"> • Rent new premises and renovate the same as a cold storage warehouse • Completion of renovation for chilled and frozen facilities 	Net proceeds of the [REDACTED] of approximately HK\$[REDACTED]
To enhance our sales and marketing effort	<ul style="list-style-type: none"> • Continue to implement the marketing and promotion campaigns 	Net proceeds of the [REDACTED] of approximately HK\$[REDACTED]
To further strengthen our information technology and systems	<ul style="list-style-type: none"> • Review and maintain the performance of the ERP systems • Initiate the implementation of barcode system for inventory tracking 	Net proceeds of the [REDACTED] of approximately HK\$[REDACTED]
To attract and retain talented and experienced personnel	<ul style="list-style-type: none"> • Retain talented and experienced personnel 	Net proceeds of the [REDACTED] of approximately HK\$[REDACTED]

For the six months ending 31 December 2017

Business strategies	Implementation activities	Source of funding
To enhance our sales and marketing effort	<ul style="list-style-type: none"> • Monitor and assess the performance of the marketing and promotion campaigns 	Net proceeds of the [REDACTED] of approximately HK\$[REDACTED]
To further strengthen our information technology and systems	<ul style="list-style-type: none"> • Review and maintain the performance of the ERP systems including the barcode system 	Net proceeds of the [REDACTED] of approximately HK\$[REDACTED]
To attract and retain talented and experienced personnel	<ul style="list-style-type: none"> • Retain talented and experienced personnel 	Net proceeds of the [REDACTED] of approximately HK\$[REDACTED]

FUTURE PLANS AND USE OF PROCEEDS

BASES AND ASSUMPTIONS

The business objectives set out by our Directors are based on the following bases and assumptions:

- our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our future plans relate;
- there will be no change in the funding requirement for each of our future plans described in this document from the amount as estimated by our Directors;
- there will be no material changes in existing laws and regulations, or other governmental policies relating to our Group, or in the political, economic or market conditions in which our Group operates;
- there will be no material changes in the bases or rates of taxation applicable to the activities of our Group;
- the [REDACTED] will be completed in accordance with and as described in the section headed “Structure and Conditions of the [REDACTED]” in this document;
- our Group will be able to retain key staff in the management and the main operational departments;
- our Group will be able to continue its operation in substantially the same manner as our Group has been operating during the Track Record Period and our Group will also be able to carry out the development plans without disruptions adversely affecting its operations or business objectives in any way;
- there will be no disasters, natural, political or otherwise, which would materially disrupt the businesses or operations of our Group; and
- our Group will not be materially affected by the risk factors as set out under the section headed “Risk Factors” in this document.

REASONS FOR THE [REDACTED]

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 paragraph headed “Implementation plan” in this section above.

FUTURE PLANS AND USE OF PROCEEDS

USE OF PROCEEDS

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]) based on the [REDACTED] Price of HK\$[REDACTED] per [REDACTED] will be approximately HK\$[REDACTED], assuming that the [REDACTED] is not exercised at all. We currently intend to apply such net proceeds in the following manner:

Our Directors presently intend to apply the aforesaid net proceeds as follows:

- (i) approximately [REDACTED] of the total estimated net proceeds, or approximately HK\$[REDACTED], will be used to expand the scope of our services;
- (ii) approximately [REDACTED] of the total estimated net proceeds, or approximately HK\$[REDACTED], will be used to enhance our sales and marketing effort;
- (iii) approximately [REDACTED] of the total estimated net proceeds, or approximately HK\$[REDACTED], will be used to further strengthen our information technology and systems;
- (iv) approximately [REDACTED] of the total estimated net proceeds, or approximately HK\$[REDACTED], will be used to attract and retain talented and experienced personnel;
- (v) approximately [REDACTED] of the total estimated net proceeds, or approximately HK\$[REDACTED], will be used to repay parts of the bank loan drawn down from a financial institution in [December 2015]. The bank loan was used to settle our amounts due to directors of approximately HK\$20.3 million as at 30 June 2015 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 2018; and
- (vi) approximately [REDACTED] of the total estimated net proceeds, or approximately HK\$[REDACTED], will be used as general working capital.

FUTURE PLANS AND USE OF PROCEEDS

For the period from the Latest Practicable Date to 31 December 2017, our net proceeds from the [REDACTED] will be used as follows:

	From the Latest Practicable Date to 31 December 2015 (HK\$'000)	For the six months ending 30 June 2016 (HK\$'000)	For the six months ending 31 December 2016 (HK\$'000)	For the six months ending 30 June 2017 (HK\$'000)	For the six months ending 31 December 2017 (HK\$'000)	Total (HK\$'000)
Expanding the scope of services	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Enhancing sales and marketing effort	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Strengthening information technology and systems	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Attracting and retaining talented and experienced personnel	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Repaying the bank loan	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

The net proceeds from the issue of the [REDACTED] will be approximately [REDACTED] utilised by 31 December 2017 and approximately [REDACTED] will be used as working capital and funding for other general corporate purposes according to our current business plans.

[In the event the [REDACTED] is exercised in full, the net proceeds from the [REDACTED] will increase by approximately HK\$[REDACTED]. Under such circumstances, we will adjust our allocation of the net proceeds in the same proportion as set out above.]

To the extent that the net proceeds from the [REDACTED] are not immediately required for the above purposes, it is the present intention of our Directors that such net proceeds will be placed as short-term deposits with authorised banks and/or financial institutions in Hong Kong. Our Directors consider that the net proceeds from the [REDACTED] together with the internal resources of our Group will be sufficient to finance the implementation of the Group's business plans as set out in the paragraph headed “Implementation Plan” in this section of this document.

Investors should be aware that any part of the business plans of our Group may or may not proceed according to the timeframe as described under the paragraph headed “Implementation Plan” in this section of this document due to various factors such as changes in customers' demand and changes in market conditions. Under such circumstances, our Directors will evaluate carefully the situations and will hold the funds as short-term deposits in authorised banks and/or financial institutions in Hong Kong until the relevant business plan materialises.

We will issue an appropriate announcement if there is any material change in the abovementioned use of proceeds.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS AND SENIOR MANAGEMENT

The following table sets forth the brief particulars of our Directors and our senior management:

Name	Age	Position	Date of joining our Group	Date of appointment as Director/senior management	Roles and responsibilities in our Group	Relationship with other Directors/senior management
Executive Directors						
Mr. Yeung Kwong Fat (楊廣發)	62	Chairman, Chief Executive Officer and executive Director	1 January 1994	4 September 2015	Responsible for overall corporate strategic planning, business development and major decision-making of our Group	Nil
Mr. Lee Kam Hung (李鑑雄)	61	Executive Director	5 October 1990	4 September 2015	Responsible for monitoring the business operations of our Group	Nil
Mr. Luk Yau Chi, Desmond (陸有志)	50	Executive Director	21 July 2009	4 September 2015	Responsible for overseeing the overall business development of our Group and the support service division of our Group	Nil
Independent non-executive Directors						
Mr. Poon Ka Lee, Barry (潘家利)	55	Independent non-executive Director	[●]2015	[●] 2015	Responsible for overseeing the management independently	Nil
Ms. Yam Ka Yue (任嘉裕)	27	Independent non-executive Director	[●]2015	[●] 2015	Responsible for overseeing the management independently	Nil

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Age	Position	Date of joining our Group	Date of appointment as Director/senior management	Roles and responsibilities in our Group	Relationship with other Directors/senior management
Mr. How Sze Ming (侯思明)	38	Independent non-executive Director	[●]2015	[●] 2015	Responsible for overseeing the management independently	Nil
Senior management						
Ms. Leung Ho Yee (梁可怡)	30	Financial controller, company secretary	10 August 2015	10 August 2015	Responsible for financial reporting, financial planning, treasury, financial control and company secretarial matters	Nil
Mr. Chan Fu Yuen (陳富元)	36	Operations manager	5 November 2012	1 July 2014	Responsible for the management of day-to-day operations of our Group	Nil
Ms. Ng Fung Sze, Frances (吳鳳斯)	45	Commercial manager	30 September 1991	1 July 2011	Responsible for handling customer relations and operations of our Group	Nil
Mr. Wong Yiu Kwong (黃耀光)	61	Customisation Manager	11 October 2011	11 October 2011	Responsible for managing the overall operation of the customisation department of the Group	Nil

Board of Directors

Our Board consists of six Directors, including three executive Directors and three independent non-executive Directors.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Executive Directors

Mr. Yeung Kwong Fat (楊廣發), aged 62, was appointed as the chairman of the Board, an executive Director and the chief executive officer of our Group on 4 September 2015. Mr. Yeung is also the chairman of the nomination committee of our Company. He is one of the founders of our Group and has been a director of World-Link Roadway since January 1994 and a director of World-Link Packing since July 2009. Mr. Yeung completed his secondary education in Hong Kong in July 1970. Mr. Yeung has over 25 years of experience in the logistics industry and is responsible for the overall corporate strategic planning, business development and major decision-making of our Group.

Mr. Yeung was a director of the following companies, which were incorporated in Hong Kong prior to their respective dissolution:

Name of company	Date of dissolution	Means of dissolution
Form Victory Development Limited	6 January 2006	Dissolved by deregistration pursuant to section 291AA of the Predecessor Companies Ordinance (<i>Note</i>)
Town of Fionn Limited	22 September 2006	Dissolved by deregistration pursuant to section 291AA of the Predecessor Companies Ordinance (<i>Note</i>)
World-Link Logistics (China) Limited	10 September 2010	Dissolved by deregistration pursuant to section 291AA of the Predecessor Companies Ordinance (<i>Note</i>)

Note: Under section 291AA of the Predecessor Companies Ordinance, an application for deregistration can only be made if (a) all the members of the company agreed to such deregistration; (b) the company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than 3 months immediately before the application; and (c) the company has no outstanding liabilities.

Our Company’s corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code (the “CG Code”) in Appendix 15 to the GEM Listing Rules. Except for the deviation from CG Code provision A.2.1, our Company’s corporate governance practices have complied with the Code on Corporate Governance Practices.

CG Code provision A.2.1 stipulates that the role of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yeung is the Chairman and the chief executive officer of our Company. In view of Mr. Yeung being one of the co-founders of our Group and has been operating and managing World-Link Roadway and World-Link Packing since 1994 and 2009 respectively, our Board believes that it is in the best interest of our Group to have Mr. Yeung taking up both roles for effective management and business development. Therefore our Directors consider that the deviation from the CG Code provision A.2.1 is appropriate in such circumstance.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Lee Kam Hung (李鑑雄), aged 61, was appointed as an executive Director of our Group on 4 September 2015. He is one of the founders of our Group and has been a director of World-Link Roadway since October 1990 and a director of World-Link Packing since March 1996. Mr. Lee completed his secondary education in Hong Kong in August 1971. Mr. Lee has over 25 years of experience in the logistics industry. Since 2000, Mr. Lee has been the operation director of our Group, who is responsible for monitoring the business operations of our Group.

Mr. Lee was a director of the following company, which was incorporated in Hong Kong prior to its dissolution:

Name of company	Date of dissolution	Mean of dissolution
World-Link Logistics (China) Limited	10 September 2010	Dissolved by deregistration pursuant to section 291AA of the Predecessor Companies Ordinance (<i>Note</i>)

Note: Under section 291AA of the Predecessor Companies Ordinance, an application for deregistration can only be made if (a) all the members of the company agreed to such deregistration; (b) the company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than 3 months immediately before the application; and (c) the company has no outstanding liabilities.

Mr. Luk Yau Chi, Desmond (陸有志), aged 50, was appointed as an executive Director on 4 September 2015. Mr. Luk is also one of the members of the remuneration committee of our Company. Mr. Luk has been a director of World-Link Roadway and World-Link Packing since July 2009. Since 2009, Mr. Luk has been the commercial director of our Group, who is responsible for overseeing the overall business development of our Group and the support service division of our Group.

Mr. Luk obtained a bachelor’s degree of science in business studies from the University of Wales in the United Kingdom in July 1989, a master’s degree in business administration from the University of Surrey in the United Kingdom in November 2001 and a continuing education diploma in professional management for China business from the City University of Hong Kong in May 2003.

Mr. Luk has over 15 years of experience in the food and beverage, catering and logistics industries. From September 1997 to May 2004, Mr. Luk worked as a sales manager at Unilever Bestfoods Hong Kong Limited (formerly known as CPC/AJI (Hong Kong) Limited), which is a supplier of food products, and he was responsible for developing sales strategies and was in charge of (i) the sales team in Hong Kong and Macau; and (ii) the export division of the company. From June 2004 to February 2007, Mr. Luk worked as a senior manager and subsequently the associate director in Havi Food Services (Hong Kong) Limited, a company principally engaged in providing total supply chain solutions to customers, where he was responsible for handling customer relationship and business development of the company. From December 2013 to November 2014, Mr. Luk was the managing director of a company principally engaged in pest control and provision of hygiene services to businesses where he was responsible for the overall business of the company.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Independent non-executive Directors

Mr. Poon Ka Lee, Barry (潘家利), aged 55, was appointed as an independent non-executive Director on [●] 2015. He is the chairman of the audit committee and a member of the nomination committee of our Company.

Mr. Poon obtained a professional diploma in accountancy from Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in November 1983 and a master’s degree in business administration from the University of Manchester of the United Kingdom, a long distance learning course conducted in Hong Kong, in December 2002. He is currently an associate of the Hong Kong Institute of Certified Public Accountants and an associate of the Association of Chartered Certified Accountants. He has over 25 years of experience in audit, accounting and finance. Mr. Poon is currently an executive director, the chief financial officer and the company secretary of Telefield International (Holdings) Limited (Stock Code: 1143) (“**Telefield**”), a company listed on the Main Board of the Stock Exchange, and which is principally engaged in electronic manufacturing services, marketing and distribution of branded small and medium business phone systems, assembling and/or marketing and distribution of branded multimedia products and computer accessories, gaming and entertainment products. Mr. Poon is responsible for developing and implementing the strategic objectives and business plans of Telefield. Mr. Poon has been the independent non-executive director of On Time Logistics Holdings Limited (Stock Code: 6123) since June 2014, a company listed on the Main Board of the Stock Exchange, which is principally engaged in air and ocean freight forwarding, complemented by the general sales agency business and other services, including, warehousing, distribution, customs clearance and contract and ancillary logistics services. Mr. Poon was appointed as an independent non-executive director of Sunlink International Holdings Limited (Stock Code: 2336) from October 2009 to February 2012, a company listed on the Main Board of the Stock Exchange, and which is principally engaged in the sale of semiconductors and related products and development and provision of electronic turnkey device solutions. Mr Poon’s appointment was subsequent to a winding-up petition against Sunlink International Holdings Limited which was filed in December 2008 and such petition was subsequently dismissed in February 2012.

Mr. Poon was a director of the following company, which was incorporated in Hong Kong prior to its dissolution:

Name of company	Date of dissolution	Mean of dissolution
Atlinks International Holdings Limited	26 April 2013	Dissolved by deregistration pursuant to section 291AA of the Predecessor Companies Ordinance (<i>Note</i>)

Note: Under section 291AA of the Predecessor Companies Ordinance, an application for deregistration can only be made if (a) all the members of the company agreed to such deregistration; (b) the company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than 3 months immediately before the application; and (c) the company has no outstanding liabilities.

Ms. Yam Ka Yue (任嘉裕), aged 27, was appointed as an independent non-executive Director on [●] 2015. She is a member of the audit committee, remuneration committee and nomination committee of our Company.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Ms. Yam obtained a bachelor's degree of commerce in finance and a bachelor's degree of science in psychology from the University of New South Wales in Australia in March 2010 and a master's degree of finance from the same university in March 2011.

From March 2011 to April 2012, Ms. Yam worked as an associate at Jades Capital Management Limited and was primarily responsible for performing middle office and administrative functions. From July 2012 to July 2013, she worked as an Analyst of Financial Products Business Management of BOCI Securities Limited, the principal business of which is to offer investors with products and services including sales and trading of equities and structured products, investment advisory and private wealth management. From July 2013 to March 2015, she worked as an associate in Look's Asset Management Limited, which was principally engaged in providing asset management service and investment advice to clients, and she was primarily responsible for performing investment analysis and operational duties. Ms. Yam is currently a research analyst at GfK Boutique Research, which is principally engaged in delivering solutions to decision makers in the consumer technology sectors to help them anticipate and monitor developments, and she was responsible for, inter alia, (i) analyzing and anticipating the handset market and the performance of the handset brands; and (ii) creating and compiling research reports for clients in the consumer technology sector.

Mr. How Sze Ming (侯思明), aged 38, was appointed as an independent non-executive director on [●] 2015. He graduated from The Chinese University of Hong Kong with a Bachelor of Business Administration Degree (first class honour, majoring in professional accountancy) in December 1999. By profession, he is a fellow member of the Association of Chartered Certified Accountants and an associate member of Hong Kong Institute of Certified Public Accountants.

Mr. How has over 15 years of experience in investment banking and business assurance industries. From September 1999 to July 2002, Mr. How worked as a senior associate in the Assurance and Business Advisory Department of PricewaterhouseCoopers and was primarily responsible for performing assurance and business advisory work. From July 2002 to June 2003, he worked as the corporate finance executive of Tai Fook Securities Company Limited (now known as Haitong International Securities Company Limited), a company which was principally engaged in securities broking, securities dealing and leveraged foreign exchange trading, where he was responsible for corporate finance advisory. From July 2003 to December 2004, Mr. How worked as the assistant manager at Tai Fook Capital Limited (now known as Haitong International Capital Limited), a company principally engaged in corporate finance advisory, where he was responsible for corporate finance advisory. From December 2004 to May 2006, he worked as the assistant vice president of CCB International Capital Limited, a company principally engaged in securities advisory, securities dealing and corporate finance advisory, where he was responsible for corporate finance advisory. From June 2006 to March 2009, Mr. How worked as the assistant vice president in the Investment Banking Division of ICEA Capital Limited, a company principally engaged in dealing in securities and corporate finance advisory, where he was responsible for corporate finance advisory. From April 2009 to February 2010, he worked as the assistant vice president in the Investment Banking Division of ICBC International Holding Limited, a company principally engaged in investment banking, where he was responsible for corporate finance advisory. From February 2010 to June 2015, Mr. How was the managing director of the Investment Banking Department of CMB International Capital Corporation Limited, a company principally engaged in investment banking, securities brokerage and asset management, where he was responsible for corporate finance advisory. Mr. How is currently the managing director of Zhaobangji International Capital Limited, a company intended to carry out investment banking and advisory, whose he is responsible for corporate finance advisory.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. How has been the independent non-executive director of (i) QPL International Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock code: 243), since September 2013; and (ii) Odella Leather Holdings Limited, a company listed on GEM (Stock code: 8093), since January 2015.

Please refer to the paragraph headed “Further information about Directors, management and staff” in Appendix IV to this document for information regarding particulars of our Directors’ service agreements and emoluments and information regarding their respective interests (if any) in the Shares of our Company within the meaning of Part XV of the SFO.

Save as disclosed above, each of our Directors confirms that (i) each of them has not held any directorships in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) each of them does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders of our Company; (iii) each of them does not have any interests in the Shares within the meaning of Part XV of the SFO; (iv) there are no other matters concerning all our Directors’ appointment that need to be brought to the attention of our Shareholders and the Stock Exchange; and (v) there are no other matters which shall be disclosed pursuant to Rule 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules.

SENIOR MANAGEMENT

Ms. Leung Ho Yee (梁可怡), aged 30, is the financial controller and the company secretary of our Company. Ms. Leung joined our Group in August 2015. She is mainly responsible for our financial reporting, financial planning, treasury, financial control and company secretarial matters. Ms. Leung obtained a bachelor’s degree of arts in accountancy with honours and a master degree of corporate governance from the Hong Kong Polytechnic University in 2007 and 2015 respectively. Ms. Leung has been a member of the Hong Kong Institute of Certified Public Accountants since 2011. Ms. Leung has not held any directorship in any public listed company in the past three years.

Prior to joining our Group, Ms. Leung joined Deloitte Touche Tohmatsu as an associate in the audit department in September 2007 and was promoted to the position of senior in the same department before she left the firm in March 2011. From March 2011 to October 2011, Ms. Leung worked as a management accountant at Jacobs China Limited. From January 2012 to December 2014, she worked as an accountant at Bossini Enterprises Limited, a subsidiary of Bossini International Holdings Limited (a company listed on the Main Board of the Stock Exchange (Stock Code: 592)). From December 2014 to August 2015, she worked as a financial analyst at Arrow Asia Pac Limited.

Mr. Chan Fu Yuen (陳富元), aged 36, is the operations manager of our Group since July 2014, now leading a team processing daily deliveries, ensuring customer satisfaction and quality service. He has joined our Group since November 2012 and has had over 10 years of experience in logistics and supply chains prior to joining our Group. Mr. Chan has received a bachelor’s degree of science in shipping technology and management and a master’s degree in industrial logistics system, both from the Hong Kong Polytechnic University.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Prior to joining our Group, Mr. Chan worked as the assistant supervisor at River Trade Terminal Co. Ltd. from August 2001 to February 2003. From May 2003 to March 2008, Mr. Chan worked as an assistant manager at T.S. Lines Limited. From July 2008 to January 2009, he worked as a supply chain analyst at Woolworths Group Asia Limited. From March 2009 to November 2012, he worked as a supply chain manager at Transnational Logistics Solutions (HK) Limited.

Mr. Chan was a director of the following companies, which were incorporated in Hong Kong prior to their respective dissolution:

Name of company	Date of dissolution	Means of dissolution
Egabuy Limited	4 May 2012	Dissolved by deregistration pursuant to section 291AA of the Predecessor Companies Ordinance (Note)
Eternal Voyage Limited	31 December 2009	Dissolved by deregistration pursuant to section 291AA of the Predecessor Companies Ordinance (Note)

Note: Under section 291AA of the Predecessor Companies Ordinance, an application for deregistration can only be made if (a) all the members of the company agreed to such deregistration; (b) the company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than 3 months immediately before the application; and (c) the company has no outstanding liabilities.

Mr. Wong Yiu Kwong (黃耀光), aged 61, is the customisation manager of our Company. Mr. Wong has joined our Group since October 2011, and is mainly responsible for managing the overall operation of the customisation department of the Group.

Prior to joining our Group, Mr. Wong worked as a unit manager in the consumer sales and channel department at Pacific Century Cyber Works Limited (currently known as PCCW Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 8)) from October 1973 to 5 December 2001. From August 2004 to October 2011, he worked as the team leader in the teleservices unit of HKT Services Limited, a subsidiary of HKT Limited (a company listed on the Main Board of the Stock Exchange (Stock Code: 6823)).

Ms. Ng Fung Sze, Frances (吳鳳斯), aged 45, is the commercial manager of our Group. She has joined our Group since September 1991, and has been appointed as our commercial manager since July 2011. She is in charge of leading the operations team in daily distributions and preparing analytical reports of operations for our Group. Ms. Ng obtained a bachelor's degree of business in transport management at the Royal Melbourne Institute of Technology in August 2002.

Save as disclosed above, during the three years preceding the Latest Practicable Date, none of our senior management held any directorships in any public companies whose securities are listed on any securities market in Hong Kong or overseas. None of our senior management has any relationship with other Directors, senior management and Controlling Shareholders of our Company.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

COMPANY SECRETARY

Ms. Leung Ho Yee is the company secretary of our Company. Details of her qualifications and experience are set out in the paragraph headed “Senior management” in this section above.

AUTHORISED REPRESENTATIVES

Mr. Yeung and Ms. Leung Ho Yee have been appointed as our authorised representatives under Rule 5.24 of the GEM Listing Rules.

COMPLIANCE OFFICER

Mr. Luk was appointed as the compliance officer of our Company on 4 September 2015. Please refer to the section “Directors and Senior Management– Executive Directors” in this document for his profile.

COMPLIANCE ADVISER

We have appointed Octal Capital as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules.

Pursuant to Rule 6A.23 of the GEM Listing Rules, the compliance adviser will advise the Company on, among other matters, the following:

- (i) (before its publication) any regulatory announcement, circular or financial report;
- (ii) a transaction, which might be a notifiable or connected transaction or will involve share issues and share repurchases;
- (iii) where the Company proposes to use the net proceeds of the [REDACTED] in a manner different from that set out in this document or where the business activities, developments or results of the Company deviate from any forecast, estimate or other information in this document; and
- (iv) where the Stock Exchange makes an inquiry of the Company under Rule 17.11 of the GEM Listing Rules.

The term of appointment of the compliance adviser will commence on the [REDACTED] Date and end on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the [REDACTED] Date, or until the agreement is terminated, whichever is the earlier.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

BOARD COMMITTEES

Audit committee

Our Company has established an audit committee on [23 November] 2015 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with paragraph C.3.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules have been adopted. The primary duties of the audit committee are, among other things, to review and supervise the financial reporting process and internal control systems of our Group.

The audit committee comprises three independent non-executive Directors, namely Mr. Poon Ka Lee, Barry, Ms. Yam Ka Yue and Mr. How Sze Ming. Mr. Poon Ka Lee, Barry is the chairman of the audit committee.

Remuneration committee

Our Company established a remuneration committee on [23 November] 2015 which comprises Mr. How Sze Ming, Mr. Luk and Ms. Yam Ka Yue, with Mr. How Sze Ming being the chairman. Written terms of reference in compliance with paragraph B.1.3 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules have been adopted. The primary duties of the remuneration committee are, among other things, to determine the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of independent non-executive Directors.

Nomination committee

Our Company has established a nomination committee on [23 November] 2015 with written terms of reference. The nomination committee comprises Mr, Yeung, Mr. Poon Ka Lee, Barry and Ms. Yam Ka Yue, with Mr. Yeung being the chairman. Written terms of reference in compliance with paragraph A.5.2 of the Corporate Governance Code as set out in Appendix 15 to GEM Listing Rules have been adopted. The nomination committee is mainly responsible for making recommendations to the Board on appointment of Directors and succession planning for our Directors.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate amount of compensation paid by us for each of the financial year ended 31 December 2013 and 31 December 2014 and for the six months ended 30 June 2015 to our Directors was approximately HK\$1,659,000, HK\$1,561,000 and HK\$781,000 respectively.

Save as disclosed above, no other fees, salaries, housing allowances, discretionary bonuses, other allowances and benefits in kind and contributions to pension scheme were paid by our Group to our Directors during the Track Record Period. No Directors waived any emoluments during the Track Record Period.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Two of our Directors were our Group’s five highest paid individuals during the Track Record Period. The emoluments paid by us to our five highest paid individuals during 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
Salaries and allowances	2,655	2,550	1,487	1,393
Retirement benefit scheme contributions	151	153	77	78

During the Track Record Period, no remuneration has been paid to our Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as compensation for the loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

The expected annual Directors’ fees and other emoluments to be paid by our Group for the financial year ended 31 December 2015 and ending 31 December 2016 will be approximately HK\$2.9 million and approximately HK\$3.4 million respectively.

REMUNERATION POLICY

The Director’s fee for each of our Directors is subject to the Board’s review from time to time in its discretion after taking into account the recommendation of our remuneration committee. The remuneration package of each of our Directors is determined by reference to market terms, seniority, experiences, duties and responsibilities of that Director within our Group. Our Directors are entitled to statutory benefits as required by law from time to time such as pension.

Prior to the [REDACTED], the remuneration policy of our Group to reward its employees and executives is based on their performance, qualifications, competence displayed and market comparable. Remuneration package typically comprises salary, contribution to pension schemes and discretionary bonuses relating to the profit of the relevant company. Upon and after the [REDACTED], the remuneration package of the Director and the senior management will, in addition to the above factors, be linked to the return to our Shareholders. Our remuneration committee will review annually the remuneration of all our Directors to ensure that it is attractive enough to attract and retain a competent team of executive members.

DIRECTORS’ COMPETING INTERESTS

Save as disclosed in the section headed “Relationship with Controlling Shareholders” in this document, none of our Controlling Shareholders, Directors and their respective close associates are interested in any business which competes or is likely to compete with that of ours.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] and Capitalisation Issue (without taking into account the Shares which may be issued upon to the exercise of [the [REDACTED] or] any options that may be granted under the Share Option Scheme), each of the following persons will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name	Capacity/Nature of Interest	Number of Shares held immediately after completion of the [REDACTED] and the Capitalisation Issue	Approximate percentage of interests in our Company immediately after completion of the [REDACTED] and the Capitalisation Issue
Best Matrix <i>(Notes 1, 2)</i>	Beneficial owner; interest held jointly with another person	[REDACTED] Shares	[REDACTED]
Mr. Lee <i>(Notes 1, 2)</i>	Interest in a controlled corporation; interest held jointly with another person	[REDACTED] Shares	[REDACTED]
Orange Blossom <i>(Notes 1, 3)</i>	Beneficial owner; interest held jointly with another person	[REDACTED] Shares	[REDACTED]
Mr. Yeung <i>(Notes 1, 3)</i>	Interest in a controlled corporation; interest held jointly with another person	[REDACTED] Shares	[REDACTED]
Leader Speed <i>(Notes 1, 4)</i>	Beneficial owner; interest held jointly with another person	[REDACTED] Shares	[REDACTED]
Mr. Luk <i>(Notes 1, 4)</i>	Interest in a controlled corporation; interest held jointly with another person	[REDACTED] Shares	[REDACTED]

SUBSTANTIAL SHAREHOLDERS

Name	Capacity/Nature of Interest	Number of Shares held immediately after completion of the [REDACTED] and the Capitalisation Issue	Approximate percentage of interests in our Company immediately after completion of the [REDACTED] and the Capitalisation Issue
Mrs. Lee (<i>Note 5</i>)	Interest of spouse	[REDACTED] Shares	[REDACTED]
Ms. Law Wai Yee (<i>Note 6</i>)	Interest of spouse	[REDACTED] Shares	[REDACTED]
Ms. Wong Soo Fung (<i>Note 7</i>)	Interest of spouse	[REDACTED] Shares	[REDACTED]

Notes

1. 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 of each of the members of our Group during and since the Track Record Period and continue as at and after the date of the Concert Parties Confirmatory Deed, details of which are set out in the paragraph headed “History, Reorganisation and Corporate Structure – Parties acting in concert” of this document. As such, pursuant to the parties acting in concert arrangement, each of our Controlling Shareholders, i.e. Best Matrix (being wholly owned by Mr. Lee), Mr. Lee, Orange Blossom (being wholly owned by Mr. Yeung), Mr. Yeung, Leader Speed (being wholly owned by Mr. Luk) and Mr. Luk, is deemed to be interested in [REDACTED] of the issued share capital of our Company.
2. Shares in which Mr. Lee is interested consist of (i) [REDACTED] Shares held by Best Matrix, a company wholly owned by Mr. Lee, in which Mr. Lee is deemed to be interested under the SFO; and (ii) [REDACTED] Shares in which Mr. Lee is deemed to be interested as a result of being a party acting-in-concert with Mr. Yeung and Mr. Luk.
3. Shares in which Mr. Yeung is interested consist of (i) [REDACTED] Shares held by Orange Blossom, a company wholly owned by Mr. Yeung, in which Mr. Yeung is deemed to be interested under the SFO and (ii) [REDACTED] Shares in which Mr. Yeung is deemed to be interested as a result of being a party acting-in-concert with Mr. Lee and Mr. Luk.
4. Shares in which Mr. Luk is interested consist of (i) [REDACTED] Shares held by Leader Speed, a company wholly owned by Mr. Luk, in which Mr. Luk is deemed to be interested under the SFO and (ii) [REDACTED] Shares in which Mr. Luk is deemed to be interested as a result of being a party acting-in-concert with Mr. Lee and Mr. Yeung.

SUBSTANTIAL SHAREHOLDERS

5. Mrs. Lee is the spouse of Mr. Lee. Under the SFO, Mrs. Lee is deemed to be interested in [REDACTED] Shares interested by Mr. Lee.
6. Ms. Law Wai Yee is the spouse of Mr. Yeung. Under the SFO, Ms. Law Wai Yee is deemed to be interested in [REDACTED] Shares interested by Mr. Yeung.
7. Ms. Wong Soo Fung is the spouse of Mr. Luk. Under the SFO, Ms. Wong Soo Fung is deemed to be interested in [REDACTED] Shares interested by Mr. Luk.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the completion of the [REDACTED] and Capitalisation Issue (without taking account of the Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), have an interest or short position in the Shares or underlying Shares which fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

SHARE CAPITAL

SHARE CAPITAL

The following is a description of the share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the Capitalisation Issue and the [REDACTED], without taking into account any Shares which may be issued pursuant to the exercise of options that may be granted under the Share Option Scheme:

Authorised share capital	<i>HK\$</i>
[10,000,000,000] Shares of HK\$0.01 each	[100,000,000]
Issued and to be issued, fully paid or credited as fully paid	
1,000 Shares in issue as at the date of this document	10
[REDACTED] Shares to be issued pursuant to the Capitalisation Issue	[REDACTED]
[REDACTED] Shares to be issued pursuant to the [REDACTED] [(before any exercise of the [REDACTED]) (Note)]	[REDACTED]
<u>[REDACTED]</u>	<u>[REDACTED]</u>
Total Shares issued and to be issued upon completion of the Capitalisation Issue and the [REDACTED] [(before any exercise of the [REDACTED]) (Note)]	[REDACTED]
<u>[REDACTED]</u>	<u>[REDACTED]</u>

[Note: If the [REDACTED] is exercised in full, then [REDACTED] additional Shares will be issued, resulting in a total [REDACTED] Shares to be issued with an aggregate nominal value of HK\$[REDACTED].]

ASSUMPTIONS

The above table assumes that the Capitalisation Issue and the [REDACTED] become unconditional and the issue of Shares pursuant thereto are made as described herein. It takes no account of Shares which may be allotted and issued upon the exercise of [the [REDACTED] and] the options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares granted to our Directors as referred to below or otherwise.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of [REDACTED] and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of the total issued share capital of our Company in the hands of the public (as defined in GEM Listing Rules).

SHARE CAPITAL

RANKING

The [REDACTED] will rank *pari passu* in all respects with all other Shares now in issue or to be issued as mentioned in this document, and will rank in full for all dividends and other distributions hereafter declared, paid or made on the Shares in respect of a record date which falls after the date of this document save for any entitlement under the Capitalisation Issue.

Except as disclosed in this document, no share or loan capital of our Company or any of our subsidiaries is under any option or is agreed conditionally or unconditionally to be put under any option.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme on [23 November 2015]. The principal terms of the Share Option Scheme are summarised in the section headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV to this document. As at the Latest Practicable Date, no option has been granted under the Share Option Scheme.

CAPITALISATION ISSUE

Pursuant to the written resolutions of the Shareholders passed on [23 November 2015], subject to the share premium account of our Company being credited as a result of the issue [REDACTED] pursuant to the [REDACTED], our Directors were authorised to allot and issue a total of [REDACTED] Shares credited as fully paid at par to the holders of shares on the register of members of our Company at the close of business on [23 November] 2015 (or as they may direct) in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of Capitalisation of the sum of HK\$[REDACTED] standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares (other than the right to participate in the Capitalisation Issue).

GENERAL MANDATE TO ISSUE SHARES

Subject to the [REDACTED] becoming unconditional, our Directors [have been granted] a general unconditional mandate to allot, issue and deal with unissued Shares with an aggregate nominal value of not exceeding 20% of the aggregate nominal amount of the share capital of our Company in issue as enlarged by the [REDACTED] and the Capitalisation Issue (without taking into account any Shares which may be issued upon the exercise of [the [REDACTED] or] any option which may be granted under the Share Option Scheme) and the aggregate nominal value of the share capital of our Company repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares as described below.

Our Directors may, in addition to the Shares which they are authorised to issue under the mandate, allot, issue and deal in the Shares pursuant to a rights issue, an issue of Shares pursuant to the exercise of subscription rights attaching to any warrants or convertible securities of our Company, scrip dividends or similar arrangements or the exercise of options granted under the Share Option Schemes or any other option scheme or similar arrangement for the time being adopted.

SHARE CAPITAL

This mandate shall remain in effect until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any other applicable laws of the Cayman Islands; or
- (iii) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate.

For further details of the general mandate for the allotment and issue of Shares, please refer to “Statutory and General Information – A. Further information about our Company and our subsidiaries – 3. Written resolutions of the Shareholders” in Appendix IV to this document.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the [REDACTED] becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal amount of the share capital of our Company in issue, as enlarged by the [REDACTED] and the Capitalisation Issue (without taking into account any Shares which may be issued upon the exercise of [the [REDACTED] or] any options that may be granted under the Share Option Scheme).

This mandate relates only to repurchases made on the Stock Exchange or on any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in “Statutory and General Information – A. Further information about our Company and our subsidiaries – 6. Repurchase by our Company of its own securities” in Appendix IV to this document.

This mandate shall remain in effect until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any other applicable laws of the Cayman Islands; or
- (iii) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate.

For further details of the general mandate for the repurchase of Shares, see “Statutory and General Information – A. Further Information about our Company and our subsidiaries – 3. Written resolutions of the Shareholders” in Appendix IV to this document.

FINANCIAL INFORMATION

You should read the following discussion and analysis together with the audited combined financial statements of our Group and the notes thereto as of and for the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, included in the Accountant’s Report set out in Appendix I to this document. The Accountant’s Report has been prepared in accordance with HKFRS, which may differ in material respects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis contains certain forward-looking statements that involve risks and uncertainties. Our Group’s business and financial performance are subject to substantial risks and uncertainties and its future results could differ materially from those set forth in the forward-looking statements herein due to a variety of factors including those set forth in the “Risk Factors” section.

Any discrepancies in any table or elsewhere in this document between totals and sums of amounts listed herein are due to rounding.

OVERVIEW

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

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 27 July 2015 under the Companies Law. The address of our registered office and the principal place of business is disclosed under the section headed “Corporate Information” in this document.

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 individuals, namely Mr. Yeung, Mr. Lee and 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 the Individual Shareholders. After the said transfers, World-Link Roadway and World-Link Packing become a wholly-owned subsidiary of Real Runner.

FINANCIAL INFORMATION

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 and 2014 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.

SIGNIFICANT FACTORS AFFECTING THE RESULTS OF OPERATIONS

Our results of operations and financial conditions are most significantly affected by a number of factors, many of which are beyond our control, including those set forth below.

Market demand

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

Our relationship with Customer A

Our revenue generated from 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%, 72.5% and 65.9% of our total revenue for the corresponding period. There is no assurance that there will be no deterioration in our relationship with Customer A and it will not terminate the agreement with our Group in the future. Any change or deterioration in our relationship or any change in business strategies of Customer A may cause a significant adverse effect to our business, financial condition and results of operations.

Exposure to the risks associated with the commercial real estate rental market

During the Track Record Period and up to the Latest Practicable Date, the properties occupied by us for our office and business purposes were rented from Independent Third Parties. Rental expenses accounted for approximately 17.8%, 23.3% and 29.6%, respectively, of our total revenue for the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015. Accordingly, we are susceptible to the rental fluctuation upon expiry. In the event that there is any significant increase in the rental expenses for our existing leased properties upon renewal, our operating expenses and pressure on our operating cash flows will increase, thereby materially and adversely affecting our business, results of operations, financial position and prospects.

FINANCIAL INFORMATION

Performance of the subcontractors

We subcontract some of our logistics services, including transportation services and container handling services, to our contractors who are Independent Third Parties. For the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, the subcontracting fees payable to the subcontractors accounted for approximately 49.9%, 43.9% and 38.1% of our total direct costs, respectively.

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

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

For illustrative purpose only, the following table illustrates the sensitivity on our profit resulting from hypothetical fluctuation in our subcontracting expenses during the Track Record Period:

Hypothetical fluctuations	+/-5%	+/-10%
	<i>HK\$'000</i>	<i>HK\$'000</i>
Increase/decrease in subcontracting expenses		
Year ended 31 December 2013	+/-1,247.9	+/-2,495.8
Year ended 31 December 2014	+/-1,270.6	+/-2,541.2
Six months ended 30 June 2015	+/-536.5	+/-1,073.0
Decrease/increase in net profit		
Year ended 31 December 2013	-/+1,247.9	-/+2,495.8
Year ended 31 December 2014	-/+1,270.6	-/+2,541.2
Six months ended 30 June 2015	-/+536.5	-/+1,073.0

FINANCIAL INFORMATION

SIGNIFICANT ACCOUNTING POLICIES

Our Group has identified certain accounting policies that are significant to the preparation of the combined financial statements in accordance with HKFRS. These significant accounting policies are important for understanding the financial condition and results of operation of our Group and such accounting policies are set forth in the Accountants’ Report in Appendix I to this document. Some of the accounting policies involve subjective assumptions and estimates, as well as complex judgment related to accounting items such as assets, liabilities, income and expenses. We base our estimates on historical experience and other assumptions which our management believes to be reasonable under the circumstances. Results may differ under different assumptions and conditions. Our management has identified below accounting policies that are most critical to the preparation of our combined financial statements.

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.

FINANCIAL INFORMATION

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.

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.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Our financial information for the Track Record Period has been prepared in accordance with HKFRS, management is required to make judgments, estimates and assumptions that affect 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 are considered to be relevant. Actual results may differ from our estimates. No material deviation of our estimates as compared to actual result were noted in the past and no material changes were made to our estimates in the past. These key assumptions and estimates are set forth in note 4 to the Accountants' Report as set out in Appendix I to this document.

We believe that the following critical accounting estimates and assumptions involve the most significant or subjective judgments and estimates used in the preparation of the financial information.

FINANCIAL INFORMATION

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\$32.2 million and HK\$34.7 million and HK\$26.6 million, respectively. No impairment loss on trade receivables was recognised during the Track Record Period.

RESULTS OF OPERATIONS

The following table sets forth our combined statements of profit or loss and other comprehensive income for the periods indicated, as derived from the Accountant’s Report in Appendix I to this document.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December		Six months ended 30 June	
	2013 <i>HK\$’000</i>	2014 <i>HK\$’000</i>	2014 <i>HK\$’000</i> (unaudited)	2015 <i>HK\$’000</i>
Revenue	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	(61)	–	–	–
[REDACTED] expenses	–	–	–	[REDACTED]
Other expenses	(11,635)	(12,496)	(6,490)	(5,220)
	<u>33,921</u>	<u>25,093</u>	<u>15,077</u>	<u>3,294</u>
Profit before taxation	33,921	25,093	15,077	3,294
Income tax expenses	(5,801)	(3,677)	(2,031)	(1,104)
	<u>28,120</u>	<u>21,416</u>	<u>13,046</u>	<u>2,190</u>
Total profit and comprehensive income for the year/period	<u><u>28,120</u></u>	<u><u>21,416</u></u>	<u><u>13,046</u></u>	<u><u>2,190</u></u>

FINANCIAL INFORMATION

PRINCIPAL INCOME STATEMENT COMPONENTS

Revenue

We are an established integrated logistics solutions service provider in Hong Kong. We offer a wide range of integrated logistics solutions services to meet our customers’ supply chain needs. These services can be broadly categorised into (i) transportation services; (ii) warehousing services; (iii) customisation services; and (iv) value-added services.

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

	Year ended 31 December				Six months ended 30 June			
	2013		2014		2014		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 include container handling services and assistance in preparation of shipping documentation services.

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 six months ended 30 June 2015 respectively.

Revenue for the year ended 31 December 2014 slightly decreased by approximately 0.7% or approximately HK\$0.9 million as compared to that for the year ended 31 December 2013. Revenue for the six months ended 30 June 2015 decreased by approximately 16.5% or approximately HK\$11.4 million as compared to that for the six months ended 30 June 2014. The significant decrease in revenue for the six months ended 30 June 2015 was attributable to the decrease in revenue generated from our customisation services provided to Customer A.

The weakened demand from our largest customer, Customer A, brought by the slowdown of the retail market recently due to the Occupy Central movement and the change in the government policy with regard to the limitation of PRC residents to visit Hong Kong, affected our revenue performance for the six months ended 30 June 2015. Our Directors are of the view that the impact by Customer A is short-term and the retail market in Hong Kong is expected to grow steadily. Please refer to the paragraph headed “Recent financial developments” for details of the financial performance of our Group after Track Record Period.

FINANCIAL INFORMATION

According to the Euromonitor Report, the total retail sales increased steadily from HK\$325.0 billion in 2010 to HK\$494.5 billion in 2013. However, the retail sales dropped by 1.3 billion from HK\$494.5 billion in 2013 to HK\$493.2 billion in 2014.

Transportation

Our revenue from the transportation services accounted for approximately HK\$30.3 million, HK\$32.4 million and HK\$14.8 million for the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015 respectively. Revenue from transportation services mainly consists of delivery fee. Such revenue is driven by the volume of goods delivered, and the numbers and types of customers served, among other factors. For the year ended 31 December 2014, we served over 1,500 delivery points in 18 districts in Hong Kong.

Warehousing

Our revenue from the warehousing services was our largest source of income which accounted for approximately HK\$49.6 million, HK\$53.5 million and HK\$27.0 million for the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015 respectively. Revenue from warehousing services consists of storage and handling fee for leasing of our warehouses. Such revenue is primarily driven by the gross floor area and the rates of fees, among other factors. As at 30 June 2015, the total gross floor area managed by us was approximately 400,000 sq.ft.

	As at 31 December		As at
	2013	2014	30 June
			2015
Gross floor area managed by us (sq.ft.)	385,945	393,504	393,504

Customisation

Our revenue from the customisation services accounted for approximately HK\$43.7 million, HK\$39.3 million and HK\$12.1 million for the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015 respectively. Revenue from customisation services consists of packing, repacking and inspection fee. Such revenue is primarily driven by the number of items processed and time involved in processing such items, among other factors.

The following table sets out the total number of items processed for the periods indicated:

	Year ended 31 December		Six months
	2013	2014	ended
			30 June
			2015
Total (HK\$' million)	37.2	37.4	16.2

FINANCIAL INFORMATION

In addition, the total working hours for the customisation services was approximately 367,763, 337,975 and 118,858 for the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015 respectively. Our Directors believe that due to the weakened demand from Customer A driven by the slowdown of the retail market and the change in the marketing strategies of Customer A, the demand for our customisation services of Customer A dropped and accordingly the total working hours of our employees in such services decreased.

Value-added

Our revenue from the value-added services accounted for approximately HK\$12.1 million, HK\$9.6 million and HK\$3.6 million for the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015 respectively. Revenue from value-added services primarily consists of shipping documentation fee and container handling fee. Such revenue is primarily driven by the number of cargo handled and the types of container handling services delivered, among other factors.

The table below sets out our revenue during the Track Record Period by industry type of the customers:

	Year ended 31 December				Six months ended 30 June			
	2013		2014		2014		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 the 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.

During the Track Record Period, a substantial amount of our income was derived from Customer A. The level of this reliance had been decreasing during the Track Record Period, with our revenue from Customer A representing approximately 81.6%, 72.5% and 65.9% of our total revenue for each of the two years ended 31 December 2014 and the six months ended 30 June 2015 respectively. The decreasing reliance was due to the fact that (i) the revenue from other customers increased during the Track Record Period; and (ii) the Company has from time to time identified potential customers to cooperate with.

FINANCIAL INFORMATION

Revenue contributed by the retailing customers accounted for approximately HK\$14.7 million, HK\$16.8 million and HK\$6.0 million respectively, which accounted for approximately 10.8%, 12.4% and 10.4% of our total revenue for the corresponding period, respectively. In addition, revenue contributed by the food and beverages customers accounted for approximately HK\$0.4 million, HK\$6.3 million and HK\$7.7 million respectively, which accounted for approximately 0.3%, 4.7% and 13.4% of our total revenue for the corresponding period, respectively. The increasing trend of our revenue contributed by the food and beverage customers and retailing customers during the Track Record Period showed our considerable efforts to diversify our customer base and reduce the reliance on Customer A.

During the Track Record Period, our Group had successfully attracted several new customers, including but not limited to, 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 revenue generated from 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.

As such, our Directors are of view that although during the Track Record Period our Group has been reliant upon Customer A, and the contribution by Customer A in terms of the proportion of income contribution to our Group's total revenue will be further reduced.

Our revenue generated from customers other than Customer A increased significantly by 48.4% from HK\$25.0 million for the year ended 31 December 2013 to HK\$37.1 million for the year ended 31 December 2014. Our revenue generated from customers other than Customer A increased significantly by 10.7% from HK\$17.7 million for the six months ended 30 June 2014 to HK\$19.6 million for the six months ended 30 June 2015.

Other income

Other income of approximately HK\$11,000, HK\$23,000 and HK\$83,000 for the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015 respectively which comprised of bank interest income and other miscellaneous income.

Employee benefits expenses

Employee benefits expenses consist primarily of wages and salaries, medical benefits, and other allowances and benefits. For the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, our employee benefits expenses amounted to approximately HK\$37.8 million, HK\$37.0 million and HK\$16.1 million respectively. Our Group had a total of 308, 271 and 248 full-time employees as at 31 December 2013, 2014 and 30 June 2015 respectively.

Depreciation of property, plant and equipment

For the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, our depreciation of property, plant and equipment amounted to approximately HK\$2.3 million, HK\$2.1 million and HK\$1.0 million respectively. Our property, plant and equipment are depreciated on a straight-line basis and our depreciation expenses mainly include the depreciation of our plant and equipment over 20% per annum.

FINANCIAL INFORMATION

Operating lease rentals in respect of rented premises

For the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, our operating lease rentals in respect of rented premises amounted to approximately HK\$24.1 million, HK\$31.5 million and HK\$17.0 million respectively. Our rented premises include the warehouses and office premises.

Sub-contracting expenses

Our sub-contracting expenses represented the amount paid to our subcontractors for the provision of logistics services including transportation services and container handling services. For the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, our sub-contracting expenses amounted to approximately HK\$25.0 million, HK\$25.4 million and HK\$10.7 million respectively. In general, the subcontractors charged us based on the price list which specifies the price range for each type of services they provided. Such list will be renewed from time to time.

Operating lease rentals in respect of plant, machinery and equipment

For the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, our operating lease rentals in respect of plant, machinery and equipment amounted to approximately HK\$0.9 million, HK\$1.3 million and HK\$0.8 million respectively.

Interest expense on bank borrowings

For the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, our interest expense on bank borrowings amounted to approximately HK\$61,000, nil and nil respectively.

Other expenses

Other expenses mainly include other operating cost for warehousing and value-added services, electricity, repair and maintenance, consumables, entertainment, rates and scrapping disposal expenses. For the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, our other expenses amounted to approximately HK\$11.6 million, HK\$12.5 million and HK\$5.2 million respectively.

FINANCIAL INFORMATION

The following table sets forth the breakdown of other expenses for the periods indicated:

	For the year ended		For the six months ended	
	31 December		30 June	
	2013	2014	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other operating cost for warehousing and value-added services	2,424	1,189	961	220
Other transportation expenses	1,522	1,938	942	958
Packing materials	939	980	490	349
Electricity & Water	1,432	1,658	707	777
Repairs and maintenance	496	620	270	281
Consumable	967	840	436	298
Entertainment	1,255	846	358	290
Rates	336	415	192	225
Scrapping disposal	283	427	295	173
Others (<i>Note</i>)	1,981	3,583	1,839	1,649
	<u>11,635</u>	<u>12,496</u>	<u>6,490</u>	<u>5,220</u>

Note: Others include building management fee, cleaning expenses, insurance and other miscellaneous expenses.

Taxation

The taxation represents the provision of Hong Kong profits tax calculated at 16.5% of the estimated profits during the Track Record Period. For the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, the tax expense incurred by our Group amounted to approximately HK\$5.8 million, HK\$3.7 million and HK\$1.1 million respectively.

[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 [REDACTED] in the year ending 31 December 2015. Approximately HK\$[REDACTED] has been recognised and charged to the consolidated statements of profit or loss and 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 statements of 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 combined statements of profit or loss and comprehensive income of our Group for the year ending 31 December 2015 is subject to adjustment based on audit and the then changes in variables and assumptions.

FINANCIAL INFORMATION

Six months ended 30 June 2015 compared to six months ended 30 June 2014

Revenue

Our total revenue decreased by approximately HK\$11.4 million or 16.5% from approximately HK\$68.9 million for the six months ended 30 June 2014 to approximately HK\$57.5 million for the six months ended 30 June 2015. The decrease was primarily due to a considerable drop in orders placed by our largest customer, Customer A, especially the orders for our customisation services for the six months ended 30 June 2015. Our Directors believe that the decrease in the orders from Customer A was mainly attributable to a number of factors, such as the slowdown in the retail market in Hong Kong, changes in their marketing strategies or plans or their direction of product emphasis. As Customer A does not have any minimum order commitments with us which has resulted in variation of purchase orders that Customer A may place with us from time to time. The revenue generated from Customer A decreased by approximately 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.

The decrease was partially offset by the increase in revenue generated from other customers apart from Customer A. Our Directors believe that the slowdown in the retail market in Hong Kong recently has relatively less impact on customers other than Customer A as those customers are in food and beverage industry or other industries which are not heavily relied on the retail market in Hong Kong and the number of visitors from the PRC. The revenue generated from customers other than Customer A increased by 31.5% from approximately HK\$12.4 million for the six months ended 30 June 2014 to approximately HK\$16.3 million for the six months ended 30 June 2015. Our Group would continue to maintain close business relationship with these customers and identify potential customers, which we consider has good market potential with reference to the industry insights of our Directors.

Revenue from transportation services

Our revenue from transportation services decreased by approximately HK\$1.1 million or 6.9% from approximately HK\$15.9 million for the six months ended 30 June 2014 to approximately HK\$14.8 million for the six months ended 30 June 2015. The decrease was primarily attributable to the combined effect of the above factors.

Revenue from warehousing services

Our revenue from warehousing services decreased by approximately HK\$0.6 million or 2.2% from approximately HK\$27.6 million for the six months ended 30 June 2014 to approximately HK\$27.0 million for the six months ended 30 June 2015. The decrease was primarily attributable to the combined effect of the above factors.

FINANCIAL INFORMATION

Revenue from customisation services

Our revenue from customisation services decreased by approximately HK\$8.3 million or 40.7% 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. The decrease was primarily attributable to the decrease in orders for customisation services from Customer A which may due to a number of factors, such as the slowdown in the retail market in Hong Kong, changes in their marketing strategies or plans or their direction of product emphasis.

Revenue from value-added services

Our revenue from value-added services decreased by approximately HK\$1.3 million or 26.5% from approximately HK\$4.9 million for the six months ended 30 June 2014 to approximately HK\$3.6 million for the six months ended 30 June 2015. The decrease was primarily attributable to the decrease in the number of containers shipped to Hong Kong by Customer A due to the weaken demand in the retail market in Hong Kong which in turn led to the decrease in demand for our shipping documentation services and container handling services. The total number of containers, which were shipped by Customer A, we handled are over 1,200 containers and 900 containers for the six months ended 30 June 2014 and 2015 respectively.

Other income

Our other income increased by approximately HK\$78,000 or 1,560% from approximately HK\$5,000 for the six months ended 30 June 2014 to approximately HK\$83,000 for the six months ended 30 June 2015.

Employee benefits expenses

Our employee benefits expenses decreased by approximately HK\$2.7 million or 14.4% from approximately HK\$18.8 million for the six months ended 30 June 2014 to approximately HK\$16.1 million for the six months ended 30 June 2015. The decrease was primarily attributable to the decrease in the number of staff engaged in the customisation services.

Depreciation of property, plant and equipment

Our depreciation of property, plant and equipment decreased by approximately HK\$0.1 million or 9.1% from approximately HK\$1.1 million for the six months ended 30 June 2014 to approximately HK\$1.0 million for the six months ended 30 June 2015. The decrease was primarily attributable to the full depreciation of certain furniture and equipment during the year.

Operating lease rentals in respect of rented premises

Our operating lease rentals in respect of rented premises increased by approximately HK\$2.4 million or 16.4% from approximately HK\$14.6 million for the six months ended 30 June 2014 to approximately HK\$17.0 million for the six months ended 30 June 2015. The increase was primarily attributable to the increase in rental according to the terms in the tenancy agreements.

FINANCIAL INFORMATION

Sub-contracting expenses

Our sub-contracting expenses decreased by approximately HK\$1.6 million or 13.0% from approximately HK\$12.3 million for the six months ended 30 June 2014 to approximately HK\$10.7 million for the six months ended 30 June 2015. The decrease was primarily attributable to the decrease in fees paid to our sub-contractors for delivery services which was in line with the decreasing trend of our transportation services.

Operating lease rentals in respect of plant, machinery and equipment

Our operating lease rentals in respect of plant, machinery and equipment increased by approximately HK\$0.2 million or 33.3% from approximately HK\$0.6 million for the six months ended 30 June 2014 to approximately HK\$0.8 million for the six months ended 30 June 2015. The increase was primarily attributable to the increase in the number of forklift rented.

Other expenses

Our other expenses decreased by approximately HK\$1.3 million or 20.0% from approximately HK\$6.5 million for the six months ended 30 June 2014 to approximately HK\$5.2 million for the six months ended 30 June 2015. The decrease was primarily attributable to the decrease in other operating cost for warehousing and value-added services.

Income tax expenses

Our income tax decreased by approximately HK\$0.9 million or 45.0% from approximately HK\$2.0 million for the six months ended 30 June 2014 to approximately HK\$1.1 million for the six months ended 30 June 2015. The decrease was in line with the decrease in profit before taxation.

Profit for the period

The significant decrease of the 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 the (i) weakened demand from our largest customer, Customer A, brought by the slowdown of the retail market recently due to the Occupy Central movement and the change of the government policy with regard to the limitation of PRC residents to visit Hong Kong, changes in their marketing strategies or plans or their direction of product emphasis; (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 comprehensive income for the six months ended 30 June 2015.

FINANCIAL INFORMATION

Year ended 31 December 2014 compared to year ended 31 December 2013

Revenue

Our total revenue decreased by approximately HK\$0.9 million or 0.7% from approximately HK\$135.7 million for the year ended 31 December 2013 to approximately HK\$134.8 million for the year ended 31 December 2014. The decrease was primarily attributable to the net effect of the following factors:

- (i) Decrease in revenue generated from the customisation services – Our revenue from customisation services decreased by approximately HK\$4.4 million or 10.0% from approximately HK\$43.7 million for the year ended 31 December 2013 to approximately HK\$39.3 million for the year ended 31 December 2014. Our Directors believe that such decrease was primarily driven by the drop in orders for our customisation services placed by our largest customer, Customer A, due to the slowdown in retail market in the late 2014 driven by the Occupy Central movement in Hong Kong;
- (ii) Decrease in revenue generated from the value-added services – Our revenue from value-added services decreased by approximately HK\$2.5 million or 20.7% from approximately HK\$12.1 million for the year ended 31 December 2013 to approximately HK\$9.6 million for the year ended 31 December 2014. Our Directors believe that such decrease was primarily driven by the decrease in the number of containers shipped to Hong Kong by Customer A due to the slowdown in the retail market in late 2014 as mentioned above; and
- (iii) Increase in revenue generated from our transportation services and warehousing services – Our revenue from transportation services increased by approximately HK\$2.1 million or 6.9% from approximately HK\$30.3 million for the year ended 31 December 2013 to approximately HK\$32.4 million for the year ended 31 December 2014. Our revenue from warehousing services increased by approximately HK\$3.9 million or 7.9% from approximately HK\$49.6 million for the year ended 31 December 2013 to approximately HK\$53.5 million for the year ended 31 December 2014. The increase was driven by the organic growth from our existing customers.

Other income

Our other income increased by approximately HK\$12,000 or 109.1% from approximately HK\$11,000 for the year ended 31 December 2013 to approximately HK\$23,000 for the year ended 31 December 2014.

Employee benefits expenses

Our employee benefits expenses decreased by approximately HK\$0.8 million or 2.1% from approximately HK\$37.8 million for the year ended 31 December 2013 to approximately HK\$37.0 million for the year ended 31 December 2014. The decrease was primarily attributable to the decrease in the number of the staff engaged in the customisation services.

FINANCIAL INFORMATION

Depreciation of property, plant and equipment

Our depreciation of property, plant and equipment decreased by approximately HK\$0.2 million or 8.7% from approximately HK\$2.3 million for the year ended 31 December 2013 to approximately HK\$2.1 million for the year ended 31 December 2014. The decrease was primarily attributable to the full depreciation of certain plant and equipment during the year.

Operating lease rentals in respect of rented premises

Our operating lease rentals in respect of rented premises increased by approximately HK\$7.4 million or 30.7% from approximately HK\$24.1 million for the year ended 31 December 2013 to approximately HK\$31.5 million for the year ended 31 December 2014. The increase was primarily attributable to the increase in rental upon renewal of tenancy agreements.

Sub-contracting expenses

Our sub-contracting expenses increased by approximately HK\$0.4 million or 1.6% from approximately HK\$25.0 million for the year ended 31 December 2013 to approximately HK\$25.4 million for the year ended 31 December 2014. The increase was primarily attributable to the increase in fees paid to our sub-contractors for delivery services, which was in line with our growth in transportation services.

Operating lease rentals in respect of plant, machinery and equipment

Our operating lease rentals in respect of plant, machinery and equipment increased by approximately HK\$0.4 million or 44.4% from approximately HK\$0.9 million for the year ended 31 December 2013 to approximately HK\$1.3 million for the year ended 31 December 2014. The increase was primarily attributable to the increase in the number of forklift truck rented.

Other expenses

Our other expenses increased by approximately HK\$0.9 million or 7.8% from approximately HK\$11.6 million for the year ended 31 December 2013 to approximately HK\$12.5 million for the year ended 31 December 2014. The increase was primarily attributable to the increase in other miscellaneous expenses including computer expenses, cleaning expenses and promotion expenses.

Income tax expenses

Our income tax decreased by approximately HK\$2.1 million or 36.2% from approximately HK\$5.8 million for the year ended 31 December 2013 to approximately HK\$3.7 million for the year ended 31 December 2014. The decrease was in line with the decrease in profit before taxation.

Profit for the year

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 is mainly because of the increase in rental expenses of approximately HK\$7.4 million during the year ended 31 December 2014.

FINANCIAL INFORMATION

LIQUIDITY AND CAPITAL RESOURCES

We finance our liquidity requirements primarily through our current cash and cash equivalents and cash flows from operations. Upon [REDACTED], our sources of liquidity will be satisfied using a combination of cash generated from operating activities, short-term or long-term indebtedness.

Cash flow

The following table sets forth a summary of net cash flow for the periods indicated:

	Year ended 31 December		Six months ended 30 June	
	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (unaudited)	2015 <i>HK\$'000</i>
Net cash generated from operating activities	25,748	16,208	15,056	12,073
Net cash used in investing activities	(1,157)	(431)	(232)	(346)
Net cash used in financing activities	<u>(14,209)</u>	<u>(27,969)</u>	<u>(15,405)</u>	<u>(9,992)</u>
Net increase/ (decrease) in cash and cash equivalents	10,382	(12,192)	(581)	1,735
Cash and cash equivalents at the beginning of the year/period	<u>12,050</u>	<u>22,432</u>	<u>22,432</u>	<u>10,240</u>
Cash and cash equivalents at the end of the year/period	<u><u>22,432</u></u>	<u><u>10,240</u></u>	<u><u>21,851</u></u>	<u><u>11,975</u></u>

Operating activities

During the Track Record Period, our net cash flows from operating activities mainly represented our profit before tax, being adjusted for depreciation, interest income, interest expense, the effects of movements in working capital and Hong Kong profits tax paid.

FINANCIAL INFORMATION

Year ended 31 December 2013

Our net cash from operating activities was approximately HK\$25.7 million for the year ended 31 December 2013, primarily as a result of operating cash flows of approximately HK\$36.3 million before net negative changes in working capital of approximately HK\$3.7 million and tax payment of approximately HK\$6.8 million. Change in working capital primarily consisted of combined effects of (i) the increase in rental deposits of approximately HK\$2.3 million due to the renewal of tenancy agreements; (ii) the increase in trade and other receivable of approximately HK\$2.7 million; (iii) the increase in trade and other payables and accrued expenses of approximately HK\$1.1 million; and (iv) the decrease in amounts due to directors of approximately HK\$0.2 million due to the repayments to directors. Explanations of fluctuations of the aforesaid items from the combined statements of financial position are set out in the paragraph headed “Analysis of selected combined statements of financial position items” in this section.

Year ended 31 December 2014

Our net cash from operating activities was approximately HK\$16.2 million for the year ended 31 December 2014, primarily as a result of operating cash flows of approximately HK\$27.1 million before net negative changes in working capital of approximately HK\$3.8 million and tax payment of approximately HK\$7.1 million. Change in working capital primarily consisted of combined effects of (i) the increase in rental deposits of approximately HK\$0.1 million; (ii) the increase in trade and other receivable of approximately HK\$2.2 million; (iii) the decrease in trade and other payables and accrued expenses of approximately HK\$1.9 million; and (iv) the increase in amounts due to directors of approximately HK\$0.4 million due to the repayments to directors. Explanations of fluctuations of the aforesaid items from the combined statements of financial position are set out in the paragraph headed “Analysis of selected combined statements of financial position items” in this section.

Six months ended 30 June 2015

Our net cash generated from operating activities was approximately HK\$12.1 million for the six months ended 30 June 2015, primarily as a result of operating cash flows of approximately HK\$4.3 million before net negative changes in working capital of approximately HK\$7.8 million. Change in working capital primarily consisted of combined effects of (i) the increase in rental deposits of approximately HK\$70,000; (ii) the increase in trade and other receivable of approximately HK\$7.3 million; (iii) the increase in trade and other payables and accrued expenses of approximately HK\$0.4 million; and (iv) the decrease in amounts due to directors of approximately HK\$0.2 million due to the repayments to directors. Explanations of fluctuations of the aforesaid items from the combined statements of financial position are set out in the paragraph headed “Analysis of selected combined statements of financial position items” in this section.

FINANCIAL INFORMATION

Investing activities

Year ended 31 December 2013

Our net cash used in investing activities was approximately HK\$1.2 million for the year ended 31 December 2013, primarily attributable to the purchase of property, plant and equipment.

Year ended 31 December 2014

Our net cash used in investing activities was approximately HK\$0.4 million for the year ended 31 December 2014, primarily attributable to the purchase of property, plant and equipment.

Six months ended 30 June 2015

Our net cash generated from investing activities was approximately HK\$0.3 million for the six months ended 30 June 2015, primarily attributable to the purchase of property, plant and equipment.

Financing activities

Year ended 31 December 2013

Our net cash used in financing activities was approximately HK\$14.2 million for the year ended 31 December 2013, primarily attributable to the repayment to directors for dividend of approximately HK\$10.6 million and the repayment of bank borrowings of approximately HK\$3.6 million.

Year ended 31 December 2014

Our net cash used in financing activities was approximately HK\$28.0 million for the year ended 31 December 2014, primarily attributable to the repayment to directors for dividend of approximately HK\$28.0 million.

Six months ended 30 June 2015

Our net cash generated from financing activities was approximately HK\$10.0 million for the six months ended 30 June 2015, primarily attributable to the repayment to directors for dividend of approximately HK\$10.0 million.

FINANCIAL INFORMATION

NET CURRENT (LIABILITIES)/ASSETS

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, HK\$16.7 million and HK\$[16.7] million as at 31 December 2014 and 30 June 2015 and 31 July 2015 respectively. The following table sets forth our current assets and current liabilities as at the dates indicated:

	As at 31 December		As at	As at
	2013	2014	30 June	31 July
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(unaudited)
Current assets				
Trade and other receivables	33,845	36,086	28,835	[27,398]
Tax recoverable	–	1,494	818	[818]
Bank balances and cash	<u>22,432</u>	<u>10,240</u>	<u>11,975</u>	<u>[13,357]</u>
	<u>56,277</u>	<u>47,820</u>	<u>41,628</u>	<u>[40,573]</u>
Current liabilities				
Trade and other payables and accrued expenses	5,672	3,691	4,027	[5,278]
Amount due to directors	57,694	30,136	20,338	[17,838]
Tax payables	<u>1,310</u>	<u>–</u>	<u>529</u>	<u>[773]</u>
	<u>64,676</u>	<u>33,827</u>	<u>24,894</u>	<u>[23,889]</u>
Net current (liabilities)/assets	<u>(8,399)</u>	<u>13,993</u>	<u>16,734</u>	<u>[16,684]</u>

Our current financial position turnaround from net current liabilities of approximately HK\$8.4 million as at 31 December 2013 to net current assets of approximately HK\$14.0 million as at 31 December 2014. The improvement was mainly due to the decrease in amounts due to directors of approximately HK\$27.6 million, the decrease in trade and other payables and accrued expenses of approximately HK\$2.0 million, the increase in trade and other receivables of approximately HK\$2.3 million, partially offset by the decrease in bank balances and cash of approximately HK\$12.2 million.

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. The increase was mainly due to decrease in amounts due to directors of approximately HK\$9.8 million, the increase in bank balances and cash of approximately HK\$1.8 million, partially offset by the decrease in trade and other payables and accrued expenses of approximately HK\$0.3 million.

FINANCIAL INFORMATION

ANALYSIS OF SELECTED COMBINED STATEMENTS OF FINANCIAL POSITION ITEMS

Trade and other receivables

Our trade and other receivables mainly represented the balances due from our customers, prepayments, deposits and other receivables. Our trade and other receivables amounted to approximately HK\$33.8 million, HK\$36.1 million and HK\$28.8 million as at 31 December 2013 and 2014 and 30 June 2015 respectively.

The following table sets forth our trade and other receivables as at the dates indicated.

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

Trade receivables

The trade receivables increased from approximately HK\$32.2 million to HK\$34.7 million as at 31 December 2013 and 2014 respectively. The increase was mainly due to the delayed settlements from our customers. The trade receivables decreased to approximately HK\$26.6 million as at 30 June 2015 as the increase in payments from our customers to settle their overdue balances.

The following table sets out the aged analysis of our trade receivables, net of impairment losses, as at the dates indicated:

	As at 31 December		As at
	2013	2014	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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
	<u>32,207</u>	<u>34,665</u>	<u>26,575</u>

FINANCIAL INFORMATION

The following table sets out the trade receivables turnover days for the Track Record Period:

	For the year ended		For the six months
	31 December	2014	ended
	2013		30 June
			2015
Trade receivables turnover days			
<i>(note)</i>	83.5	90.5	96.3

Note: Trade receivables turnover day equals average balance of trade receivables divided by revenue for the relevant year/period multiplied by the number of days in the relevant year/period. Average balance is calculated as the sum of beginning balance and ending balance for the relevant year/period divided by two.

We generally grant our customers a credit period ranging from 0 to 45 days from the invoice date. Trade receivables turnover days for the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015 were 83.5 days, 90.5 days and 96.3 days respectively. Our trade receivable turnover days exceeded our Group's maximum credit period of 45 days as we had experienced delayed settlement from our customers. To the best knowledge of our Directors, the delayed settlement mainly related to the corresponding change in the internal policy or practice of certain customers of our Group, which would require considerable length of time to go through their internal approval procedures in relation to settlement of our bills. Based on the above and the fact that these customers have been continuously settling our bills without default, our Directors considered that there was no collectability issue in relation to such outstanding trade receivables and, accordingly, no provision had been made. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, none of these customers had defaulted their payments to our Group.

Our policy for impairment loss on trade receivables is based on an evaluation of collectability and aged analysis of the receivables, which requires the use of judgment and estimates. Provisions are applied to the receivables when there are events or changes in circumstances which indicate that the balances may not be collectible. We closely review our trade receivable balance and any overdue balances on an ongoing basis and assessments are made by our management on the collectability of overdue balances.

No impairment loss on trade receivables was recognised during the Track Record Period.

As at 31 August 2015, approximately HK\$21.5 million or 80.8% of our trade receivables as at 30 June 2015 were subsequently settled.

Prepayments, deposits and other receivables

Our prepayments, deposits and other receivables mainly represented the deposits for utilities.

FINANCIAL INFORMATION

Trade and other payables and accrued expenses

Our trade and other payables and accrued expenses primarily relate to the payables to our suppliers, provision for long service payments, accrued employee benefits and other payables and accrued expenses. Our trade and other payables and accrued expenses amounted to approximately HK\$5.7 million, HK\$3.7 million and HK\$4.0 million as at 31 December 2013 and 2014 and 30 June 2015 respectively.

The following table sets forth our trade and other payables and accrued expenses as at the dates indicated.

	As at 31 December		As at
	2013	2014	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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
Total	5,672	3,691	4,027

Trade payables

Our trade payables decreased from approximately HK\$2.0 million as at 31 December 2013 to approximately HK\$0.5 million as at 31 December 2014, and increased from approximately HK\$0.5 million as at 31 December 2014 to approximately HK\$2.3 million as at 30 June 2015.

The following table sets out the trade payables turnover days for the Track Record Period:

	For the year ended		For the six
	31 December	2014	months
	2013	2014	ended
			30 June
			2015
Trade payables turnover days (<i>note</i>)	10.5	7.9	9.0

Note: Trade payables turnover day equals average balance of trade payables divided by total direct costs for the relevant year/period multiplied by the number of days in the relevant year/period. Average balance is calculated as the sum of beginning balance and ending balance for the relevant year/period divided by two.

Trade payables turnover days for the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015 were 10.5 days, 7.9 days and 9.0 days respectively.

As at 31 August 2015, approximately HK\$2.3 million or 98.7% of the trade payables as at 30 June 2015 has been subsequently settled by our Group.

FINANCIAL INFORMATION

Other payables and accrued expenses

Other payables and accrued expenses mainly included the service fee payable for the information system.

During the Track Record Period, we had not experienced material defaults in payment of our trade and other payables and accrued expenses.

Amounts due to directors

As at 31 December 2013 and 2014 and 30 June 2015, the amounts due to directors amounted to approximately HK\$57.7 million, HK\$30.1 million and HK\$20.3 million respectively. The following table sets forth the details of amounts due to directors:

	As at 31 December		As at
	2013	2014	30 June
	HK\$'000	HK\$'000	2015
			HK\$'000
Mr. Yeung	–	58	–
Mr. Lee	57,614	29,583	19,595
Mr. Luk	80	495	743
	<u>57,694</u>	<u>30,136</u>	<u>20,338</u>

The amounts due to directors primarily represented the dividends paid to the shareholders.

The amounts due to directors were unsecured, interest free and repayable on demand, and the amounts were fully settled prior to the [REDACTED]. We [had obtained] a bank loan of HK\$[25.0] million from a financial institution in Hong Kong in [December 2015]. The bank loan bears interest rate of 2.25% plus 3 months HIBOR per annum and will mature in [June 2018]. The bank loan is secured by the corporate guarantee of the Company. We [have fully settled] the amount due to the directors with this bank loan before [REDACTED] and parts of such bank loan will be repaid by parts of the net proceeds from the [REDACTED].

OTHER MAJOR FINANCIAL RATIOS DISCUSSION

The following table sets forth certain financial ratios as at the dates indicated.

	For the year ended/ As at		For the six months ended/ As at
	31 December	2014	30 June
	2013		2015
Net profit margin	20.7%	15.9%	3.8%
Return on equity (<i>Note 1</i>)	1,785.4%	93.1%	8.7%
Return on total assets (<i>Note 2</i>)	42.1%	37.3%	4.3%
Current ratio (<i>Note 3</i>)	0.9	1.4	1.7
Quick ratio (<i>Note 4</i>)	0.9	1.4	1.7

FINANCIAL INFORMATION

Notes:

1. Return on equity is calculated by dividing profit for the year/period by the total equity as at the end of the respective period. It is not applicable to calculate the return on equity based on the net profit for the six months ended 30 June 2015. For the six months ended 30 June 2015, the calculation of return on equity is based on the profit for the year divided by the total equity, multiplied by 365/180, and then multiplied by 100%.
2. Return on total assets is calculated by dividing profit for the year/period with the total assets as at the end of the respective period. It is not applicable to calculate the return on total assets based on the net profit for the six months ended 30 June 2015. For the six months ended 30 June 2015, the calculation of return on total assets is based on the profit for the year divided by the total assets, multiplied by 365/180, and then multiplied by 100%.
3. Current ratio is calculated by dividing current assets with current liabilities as at the end of respective year/period.
4. Quick ratio equals current assets less inventories divided by current liabilities as at the end of the year. Quick ratio is the same as current ratio in our case as we did not have any inventories.

Net profit margin

The net profit margin decreased from approximately 20.7% for the year ended 31 December 2013 to approximately 15.9% for the year ended 31 December 2014 and further decreased to approximately 3.8% for the six months ended 30 June 2015. The decrease was mainly attributable to the increase in rental expense for warehouses, customisation processing sites and office, and the one-off non-recurring [REDACTED] expenses of approximately HK\$[REDACTED], which are charged to our combined statement of comprehensive income for the six months ended 30 June 2015.

Return on equity

Our return on equity was approximately 1,785.4%, 93.1% and 8.7% as at 31 December 2013 and 2014 and 30 June 2015 respectively. Our total equity was approximately HK\$1.6 million as at 31 December 2013, which subsequently increased to approximately HK\$23.0 million as at 31 December 2014 as a result of profit recognised during the year ended 31 December 2014. Due to the high base effect, our return on equity for the year ended 31 December 2014 was significantly lower than that of 2013. Due to the recognition of [REDACTED] expenses for the six months ended 30 June 2015 and the continued increase in our equity base generated from our retained earnings, our return on equity further dropped to approximately 8.7%.

Return on total assets

As at 31 December 2013, our total assets were amounted to approximately HK\$66.8 million, which subsequently decreased to approximately HK\$57.5 million as at 31 December 2014, primarily as a result of our decrease in our cash and cash equivalents due to the repayment of amounts due to directors during the year ended 31 December 2014. With the decrease of our total assets during the year ended 31 December 2014, our return on assets decreased from approximately 42.1% as at 31 December 2013 to approximately 37.3% as at 31 December 2014. Due to the recognition of [REDACTED] expenses for the six months ended 30 June 2015 and the continued decrease in our total assets due to the repayment of amounts due to directors, our return on assets further dropped to 4.3%.

FINANCIAL INFORMATION

Current ratio and quick ratio

Due to the nature of our business, we do not have any inventories. As such, our current ratio equals to our quick ratio. Our current ratio as well as quick ratio as at 31 December 2013 and 2014 and 30 June 2015 were approximately 0.9 time, 1.4 times and 1.7 times, respectively. The increase in current ratio and quick ratio during the year ended 31 December 2014 was principally attributable to the repayment of the amounts due to directors which decreased our total current liabilities from approximately HK\$64.7 million as at 31 December 2013 to approximately HK\$33.8 million as at 31 December 2014, or a decrease of 47.8%. While our current assets also decreased by 15.1% from approximately HK\$56.3 million as at 31 December 2013 to approximately HK\$47.8 million as at 31 December 2014 primarily resulting from the decrease in cash and cash equivalents, the magnitude of its decrease is less than the decrease of current liabilities. Our current ratio as well as quick ratio as at 30 June 2015 increased to 1.7 times, which was mainly due to the decrease in our amounts due to directors. Our Directors believe that our current ratio as well as quick ratio were maintained at a healthy level during the Track Record Period.

INDEBTEDNESS

The following table sets out our indebtedness as at the dates indicated:

	As at 31 December		As at 30 June	As at 31 July
	2013	2014	2015	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amount due to directors	57,694	30,136	20,338	17,870
	57,694	30,136	20,338	17,870

As at the Latest Practicable Date, our Group had no outstanding borrowings.

Except as disclosed in this paragraph headed “Indebtedness” in this section, our Group did not have outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities outstanding as at the Latest Practicable Date. Our Directors confirm that there has not been any material change in our indebtedness as at the Latest Practicable Date.

CONTINGENT LIABILITIES

Our Group did not have any material contingent liabilities as at 30 June 2015 and as at the Latest Practicable Date.

FINANCIAL INFORMATION

CONTRACTUAL COMMITMENTS

Operating lease commitments

The contractual commitments of our Group are primarily related to plant, vehicle and the lease of its warehouses and office buildings.

Our Group’s operating lease commitments amounted to approximately HK\$78.2 million, HK\$54.9 million and HK\$42.3 million as at 31 December 2013 and 2014 and 30 June 2015, and the Latest Practicable Date respectively. The following table sets out the future minimum lease payments payable by our Group as at the dates indicated under non-cancellable operating leases.

As at 31 December 2013 and 2014 and 30 June 2015, our 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
	2013	2014	30 June
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>2015</i>
			<i>HK\$’000</i>
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 a term of one to three years.

Other than operating lease commitments, our Group had no other capital commitments as at 31 December 2013 and 2014 and 30 June 2015.

FINANCIAL INFORMATION

Disclaimer

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, we did not have outstanding borrowings and indebtedness such as loan capital issued and outstanding or agreed to be issued, bank overdraft, loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, guarantees or other material contingent liabilities at the close of business as at the Latest Practicable Date.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We have not entered into any off-balance sheet guarantees or other commitments to guarantee the payment obligations of any third parties.

We do not have any interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development or other services with us.

QUANTITATIVE AND QUALITATIVE DISCLOSURE OF MARKET RISKS

Credit risk

Our Group's maximum exposure to credit risk which will cause a financial loss to our 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.

Our Group's credit risk is primarily attributable to its trade receivables. In order to minimise the credit risk, the management of our Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, our 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 consider that our 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, our Group has concentration of credit risk as 85% and 78% and 74% respectively of the total trade receivable was due from the Group's largest customer. Our Group's concentration of credit risk on the top five largest customers accounted for 97% and 93% and 95% of the total trade receivable as at 31 December 2013 and 2014 and 30 June 2015, respectively. The management of our Group considered their the credit risk of amounts due from these customers is insignificant after considering their historical settlement record, credit quality and financial positions.

FINANCIAL INFORMATION

Liquidity risk

In managing of the liquidity risk, our Group monitors and maintains levels of cash and cash equivalents deemed adequate by the management to finance our Group’s operations and mitigate the effects of fluctuations in cash flows. Our Group relies on advances from related parties, including directors and controlling shareholder as significant sources of liquidity.

RECENT FINANCIAL DEVELOPMENTS

We have continued to focus on strengthening our market position in the logistics industry. 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 revenue and cost structure have remained unchanged since 30 June 2015. Based on our unaudited financial information, our unaudited revenue for the one month ended 31 July 2015 was higher than the unaudited revenue for the one month ended 31 July 2014. It was primarily due to the higher revenue generated from our customisation services and our new customers in 2015. We had entered into a service agreement with a new customer in July 2015. Such customer is a global healthcare company that researches and develops a broad range of innovative medicines and brands.

Repayment of amounts due to directors

As at the Latest Practicable Date, our Group had an outstanding amount due to directors of approximately HK\$20.3 million, which represented the dividends paid to our shareholders. We [had obtained] a bank loan of HK\$[25.0] million from a financial institution in Hong Kong in [December 2015]. The bank loan bears interest rate of 2.25% plus 3 months HIBOR per annum and will mature in June 2018. The bank loan is secured by the corporate guarantee of the Company. We [have fully settled] the amount due to the directors with this bank loan before [REDACTED] and parts of such bank loan will be repaid by parts of the net proceeds from the [REDACTED]. Details of which are further described in the section headed “Future plans and use of proceeds” in this document.

SUFFICIENCY OF WORKING CAPITAL

Taking into account the financial resources available to our Group, including the internally generated funds, available bank loans and the estimated net proceeds of the [REDACTED], our Directors are of the opinion that our Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the Latest Practicable Date.

FINANCIAL INFORMATION

During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that our Group (i) has not encountered any difficulty in obtaining external borrowings; (ii) has not been recalled or requested for early repayment of borrowings; (iii) has not had any delay or default in repayment of trade and non-trade payables and bank borrowings, and/or breaches of other covenants under its borrowings; and (iv) has not breached of any finance covenants.

OTHER MATERIAL ARRANGEMENTS

We do not have any outstanding derivative instruments, other guarantees or foreign currency forward contracts. We do not engage in trading activities involving non-exchange trade contracts.

NO MATERIAL ADVERSE CHANGE

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 document, up to the date of this document.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set out in the Accountants’ Report in Appendix I to this document, our Directors confirm that these transactions were conducted on normal commercial terms and/or on terms not less favourable than terms available from Independent Third Parties, which are considered fair, reasonable and in the interest of our shareholders as a whole.

DISCLOSURE UNDER CHAPTER 17 OF THE GEM LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, they were not aware of any circumstances which would give rise to any disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

DISTRIBUTABLE RESERVES

Our Company has no reserves available for distributable to the Shareholders as at 30 June 2015.

DIVIDEND POLICY

Our Group may distribute dividends by way of cash or by other means that the Directors consider appropriate. A decision to declare and pay any dividend would require the approval of the Directors and will be at their discretion. In addition, any final dividend for a financial year will be subject to shareholders’ approval.

During the year ended 31 December 2013, World-Link Roadway and World-Link Packing declared dividends of HK\$13,000,000 and HK\$15,000,000, respectively to the individual shareholders. In [December 2015], we [declared and paid] a dividend of HK\$[18,000,000] to our shareholders. Our 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.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

Please see the section headed “Unaudited Pro Forma Financial Information” in Appendix II to this document for further details.

UNDERWRITING

UNDERWRITERS

Sole Lead Manager

[REDACTED]

Underwriters

[REDACTED]

UNDERWRITING ARRANGEMENT, COMMISSIONS AND EXPENSES

Underwriting Agreement

Pursuant to the Underwriting Agreement, our Company will conditionally place the [REDACTED] with professional, institutional and other investors in Hong Kong at the [REDACTED] subject to the terms and conditions in the Underwriting Agreement and this document.

Subject to, among other conditions, the Stock Exchange granting the [REDACTED] of and permission to deal in the Shares in issue and to be issued as mentioned in this document (including any Shares which may fall to be issued pursuant to the [REDACTED] and the Capitalisation Issue or any Shares upon exercise of the [[REDACTED] and] any option that may be granted under the Share Option Scheme) and to certain other conditions set out in the Underwriting Agreement being fulfilled, the Underwriters have severally agreed to subscribe for or procure subscribers for their respective applicable proportions of the [REDACTED] on the terms and conditions of the Underwriting Agreement and this document.

[REDACTED]

UNDERWRITING

[REDACTED]

UNDERWRITING

[REDACTED]

UNDERWRITING

[REDACTED]

UNDERWRITING

[REDACTED]

UNDERWRITING

Commission and expenses

The Underwriters will receive an underwriting commission of [REDACTED] of the aggregate [REDACTED] of all [REDACTED], which are to be borne by our Company, out of which the Underwriters will pay any sub-underwriting and/or selling commission and will be reimbursed for their reasonable expenses. The total commission and expenses relating to the [REDACTED] and [REDACTED] (including the GEM listing fees, legal and other professional fees, and printing), are estimated to be approximately HK\$[REDACTED], [assuming the [REDACTED] is not exercised and] based on the [REDACTED] of HK\$[REDACTED], which will be payable by our Company.

The commission and expenses were determined after arm’s length negotiation between our Company and the Underwriters and other relevant parties with reference to the then prevailing market condition.

SOLE SPONSOR’S, SOLE LEAD MANAGER’S AND UNDERWRITERS’ INTERESTS IN OUR COMPANY

The Sole Sponsor will receive a sponsor fee. The Sole Lead Manager (for itself and on behalf of the Underwriters) will receive an underwriting commission. Particulars of these commission, fee and expenses are set forth under the sub-section headed “Commission and expenses” in this section of this document.

Our Company will appoint the Sole Sponsor as its compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules for the period commencing on the [REDACTED] Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the [REDACTED] Date, or until the compliance adviser agreement is otherwise terminated in accordance with its terms and conditions.

Save as disclosed above, none of the Sole Sponsor, the Sole Lead Manager nor the Underwriters is interested legally or beneficially in shares of any members of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any of the members of our Group nor any interest in the [REDACTED].

UNDERTAKINGS

[REDACTED]

UNDERWRITING

[REDACTED]

UNDERWRITING

[REDACTED]

UNDERWRITING

Sole Sponsor’s interests in our Company

Save for (i) the advisory and documentation fees to be paid to Octal Capital as the Sole Sponsor to the [REDACTED]; and (ii) the financial advisory fee to be paid to Octal Capital as our Company’s compliance adviser pursuant to the requirements under Rules 6A.19 of the GEM Listing Rules, neither Octal Capital nor any of its associates has or may have, as a result of the [REDACTED], any interest in any class of securities in our Company or any of its subsidiaries (including options or rights to subscribe for such securities).

No director or employee of Octal Capital who is involved in providing advice to our Company has or may have, as a result of the [REDACTED], any interest in any class of securities of our Company or any of its subsidiaries (including options or rights to subscribe for such securities that may be subscribed for or purchased by any such director or employee pursuant to the [REDACTED]).

No director or employee of Octal Capital has a directorship in the Company or any of its subsidiaries. Octal Capital is independent from the Group under Rule 6A.07 of the GEM Listing Rules.

STRUCTURE AND CONDITIONS OF [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

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

德勤·關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
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				Principal activities	Form of company
				the Group as at		30 June 2015	Date of this report		
				31 December 2013	2014				
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.

APPENDIX I

ACCOUNTANTS’ REPORT

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.]

APPENDIX I**ACCOUNTANTS’ REPORT**

[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.]

APPENDIX I

ACCOUNTANTS’ REPORT

A. FINANCIAL INFORMATION

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended 31 December		Six months ended 30 June	
		2013 HK\$'000	2014 HK\$'000	2014 HK\$'000 (unaudited)	2015 HK\$'000
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

APPENDIX I

ACCOUNTANTS’ REPORT

COMBINED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		As at
	<i>NOTES</i>	2013	2014	30 June
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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
		<u>10,484</u>	<u>9,630</u>	<u>9,180</u>
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
		<u>56,277</u>	<u>47,820</u>	<u>41,628</u>
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
		<u>64,676</u>	<u>33,827</u>	<u>24,894</u>
NET CURRENT				
(LIABILITIES) ASSETS		<u>(8,399)</u>	<u>13,993</u>	<u>16,734</u>
TOTAL ASSETS LESS				
CURRENT LIABILITIES		<u>2,085</u>	<u>23,623</u>	<u>25,914</u>
NON-CURRENT LIABILITY				
Provision for long service payments		<u>510</u>	<u>632</u>	<u>725</u>
NET ASSETS		<u>1,575</u>	<u>22,991</u>	<u>25,189</u>
CAPITAL AND RESERVE				
Share capital	19	10	10	18
Retained profits		<u>1,565</u>	<u>22,981</u>	<u>25,171</u>
TOTAL EQUITY		<u>1,575</u>	<u>22,991</u>	<u>25,189</u>

APPENDIX I

ACCOUNTANTS' REPORT

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
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)
	<u>10</u>	<u>1,565</u>	<u>1,575</u>
At 31 December 2013	10	1,565	1,575
Total profit and other comprehensive income for the year	–	21,416	21,416
	<u>10</u>	<u>22,981</u>	<u>22,991</u>
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
	<u>18</u>	<u>25,171</u>	<u>25,189</u>
At 30 June 2015	<u>18</u>	<u>25,171</u>	<u>25,189</u>
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
	<u>10</u>	<u>14,611</u>	<u>14,621</u>
At 30 June 2014	<u>10</u>	<u>14,611</u>	<u>14,621</u>

APPENDIX I

ACCOUNTANTS' REPORT

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	–	–	–
	<u>36,299</u>	<u>27,142</u>	<u>16,154</u>	<u>4,262</u>
Operating cash flows before movements in working capital				
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
	<u>32,554</u>	<u>23,339</u>	<u>15,056</u>	<u>12,073</u>
Cash generated from operations				
Income tax paid	(6,806)	(7,131)	–	–
	<u>25,748</u>	<u>16,208</u>	<u>15,056</u>	<u>12,073</u>
NET CASH FROM OPERATING ACTIVITIES				
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
	<u>(1,157)</u>	<u>(431)</u>	<u>(232)</u>	<u>(346)</u>
NET CASH USED IN INVESTING ACTIVITIES				
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
	<u>(14,209)</u>	<u>(27,969)</u>	<u>(15,405)</u>	<u>(9,992)</u>
NET CASH USED IN FINANCING ACTIVITIES				
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>10,382</u>	<u>(12,192)</u>	<u>(581)</u>	<u>1,735</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	<u>12,050</u>	<u>22,432</u>	<u>22,432</u>	<u>10,240</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD, represented by bank balances and cash	<u><u>22,432</u></u>	<u><u>10,240</u></u>	<u><u>21,851</u></u>	<u><u>11,975</u></u>

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 individuals, 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.

APPENDIX I

ACCOUNTANTS’ REPORT

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.

APPENDIX I

ACCOUNTANTS’ REPORT

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.

APPENDIX I

ACCOUNTANTS’ REPORT

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.

APPENDIX I

ACCOUNTANTS’ REPORT

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
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
			(unaudited)	
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

APPENDIX I

ACCOUNTANTS’ REPORT

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 HK\$’000	Customisation services HK\$’000	Segment total HK\$’000	Eliminations HK\$’000	Total 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					<u>33,921</u>

For the year ended 31 December 2014

	Logistics solutions business HK\$’000	Customisation services HK\$’000	Segment total HK\$’000	Eliminations HK\$’000	Total 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					<u>25,093</u>

APPENDIX I

ACCOUNTANTS’ REPORT

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			<u>15,077</u>
Profit before taxation					<u><u>15,077</u></u>

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					<u>[REDACTED]</u>
Profit before taxation					<u><u>3,294</u></u>

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	<u>1,858</u>	<u>470</u>	<u>2,328</u>

APPENDIX I

ACCOUNTANTS’ REPORT

For the year ended 31 December 2014

	Logistics solutions business <i>HK\$’000</i>	Customisation services <i>HK\$’000</i>	Segment total <i>HK\$’000</i>
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
	<u>1,579</u>	<u>493</u>	<u>2,072</u>

For the six months ended 30 June 2014 (unaudited)

	Logistics solutions business <i>HK\$’000</i>	Customisation services <i>HK\$’000</i>	Segment total <i>HK\$’000</i>
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
	<u>837</u>	<u>245</u>	<u>1,082</u>

For the six months ended 30 June 2015

	Logistics solutions business <i>HK\$’000</i>	Customisation services <i>HK\$’000</i>	Segment total <i>HK\$’000</i>
Additions to non-current assets	428	–	428
Depreciation of property, plant and equipment included in the measure of segment results	741	238	979
	<u>741</u>	<u>238</u>	<u>979</u>

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 <i>HK\$’000</i>	2014 <i>HK\$’000</i>	2014 <i>HK\$’000</i>	2015 <i>HK\$’000</i>
Customer A (revenue generated by providing the services on Logistic solutions business and Customisation services)	110,714	97,739	51,189	37,880
	<u>110,714</u>	<u>97,739</u>	<u>51,189</u>	<u>37,880</u>

APPENDIX I

ACCOUNTANTS’ REPORT

7. INCOME TAX EXPENSE

	Year ended 31 December		Six months ended 30 June	
	2013	2014	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong Profits Tax – current year/period	5,801	4,327	2,567	1,205
Deferred tax credit (<i>Note 14</i>)	–	(650)	(536)	(101)
	<u>5,801</u>	<u>3,677</u>	<u>2,031</u>	<u>1,104</u>
			<i>(unaudited)</i>	
	Year ended 31 December		Six months ended 30 June	
	2013	2014	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation	<u>33,921</u>	<u>25,093</u>	<u>15,077</u>	<u>3,294</u>
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	<u>(20)</u>	<u>(40)</u>	<u>–</u>	<u>–</u>
Income tax expenses for the year/period	<u>5,801</u>	<u>3,677</u>	<u>2,031</u>	<u>1,104</u>

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

APPENDIX I

ACCOUNTANTS’ REPORT

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	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
	<u>1,659</u>	<u>1,561</u>	<u>781</u>	<u>781</u>
Other staff salaries and allowances	34,601	33,930	17,246	14,672
Retirement benefit scheme contributions, excluding those of directors	<u>1,547</u>	<u>1,495</u>	<u>738</u>	<u>657</u>
Total employee benefits expenses	<u>37,807</u>	<u>36,986</u>	<u>18,765</u>	<u>16,110</u>
Auditor’s remuneration	74	77	–	73
Bank interest income	(11)	(23)	(5)	(11)
	<u>(11)</u>	<u>(23)</u>	<u>(5)</u>	<u>(11)</u>

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	Total
			benefit scheme contributions	
	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
	<u>–</u>	<u>1,488</u>	<u>171</u>	<u>1,659</u>

APPENDIX I

ACCOUNTANTS’ REPORT

For the year ended 31 December 2014

Name of director	Fee	Salaries and other allowances	Retirement benefit scheme contributions	Total
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
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
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
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
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
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.

APPENDIX I

ACCOUNTANTS' REPORT

(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
Salaries and other allowances	2,655	2,550	1,487	1,393
Retirement benefit scheme contributions	151	153	77	78
	<u>2,806</u>	<u>2,703</u>	<u>1,564</u>	<u>1,471</u>

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 Reorganisation and the results for the Track Record Period that is on a combined basis as set out in note 1.

APPENDIX I

ACCOUNTANTS' REPORT

12. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Furniture and equipment	Office equipment	Leasehold improvement	Motor vehicles	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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

APPENDIX I

ACCOUNTANTS’ REPORT

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 <i>HK\$'000</i>
At 1 January 2013 and 31 December 2013	–
Credit to profit or loss	<u>650</u>
At 31 December 2014	650
Credit to profit or loss	<u>101</u>
At 30 June 2015	<u><u>751</u></u>

15. TRADE AND OTHER RECEIVABLES

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

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

APPENDIX I

ACCOUNTANTS’ REPORT

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
	2013	2014	30 June
	HK\$'000	HK\$'000	2015
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
	<u>32,207</u>	<u>34,665</u>	<u>26,575</u>

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
	2013	2014	30 June
	HK\$'000	HK\$'000	2015
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
	<u>4,869</u>	<u>12,848</u>	<u>8,686</u>

APPENDIX I

ACCOUNTANTS’ REPORT

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 31 December		As at
	2013	2014	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2015</i>
			<i>HK\$'000</i>
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
	<u>5,672</u>	<u>3,691</u>	<u>4,027</u>

18. AMOUNTS DUE TO DIRECTORS

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

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.

APPENDIX I

ACCOUNTANTS’ REPORT

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

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.

APPENDIX I

ACCOUNTANTS’ REPORT

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	<u>1,659</u>	<u>1,561</u>	<u>781</u>	<u>781</u>

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
	2013	2014	30 June
	HK\$'000	HK\$'000	2015
			HK\$'000
Financial assets			
Loans and receivables (including cash and cash equivalents)	<u>55,652</u>	<u>46,037</u>	<u>39,462</u>
Financial liabilities			
Amortised cost	<u>59,830</u>	<u>30,805</u>	<u>22,670</u>

(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.

APPENDIX I

ACCOUNTANTS’ REPORT

Liquidity tables

As at 31 December 2013

	Weighted average effective interest rate %	Repayable on demand or less than 1 month HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31 December 2013 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
		<u>59,830</u>	<u>59,830</u>	<u>59,830</u>

As at 31 December 2014

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

As at 30 June 2015

	Weighted average effective interest rate %	Repayable on demand or less than 1 month HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 30 June 2015 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
		<u>22,670</u>	<u>22,670</u>	<u>22,670</u>

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.

APPENDIX I**ACCOUNTANTS' REPORT**

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

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set forth in this appendix does not form part of the accountants' report on the financial information for the two years ended 31 December 2014 and six months ended 30 June 2015 of the Group (the "Accountants' Report") from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this document, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" and the "Accountants' Report" set forth in Appendix I to this document.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma financial information prepared in accordance with Rules 7.31 of the GEM Listing Rules is for illustrative purpose only, and is set out below to illustrate the effect of the [REDACTED] on the combined net tangible assets of the Group attributable to the owners of the Company as at 30 June 2015, as if the [REDACTED] had taken place on 30 June 2015.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group attributable to owners of the Company as at 30 June 2015 or at any future dates following the [REDACTED]. It is prepared based on the audited combined net assets of the Group attributable to owners of the Company as at 30 June 2015 as shown in the Accountants' Report as set out in Appendix I to this document and adjusted as described below.

	Audited combined net tangible assets of the Group attributable to owners of the Company as at 30 June 2015 HK\$'000 (Note 1)	Estimated net proceeds from the [REDACTED] [REDACTED] HK\$'000 (Note 2)	Unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company HK\$'000	Unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company per Share HK\$ (Note 3)
Based on [REDACTED] of HK\$[REDACTED] per [REDACTED]	25,189	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- The audited combined net tangible assets of the Group attributable to the owners of the Company as at 30 June 2015 is based on the combined net assets of the Group attributable to owners of the Company amounted to HK\$25,189,000, extracted from the Accountants' Report set out in Appendix I to this document.
- The estimated net proceeds from the [REDACTED] are based on [REDACTED] [REDACTED] at indicative [REDACTED] of HK\$[REDACTED] per [REDACTED], after deduction of the estimated [REDACTED] commission and other related fees and expenses, not yet recognised in profit or loss as of 30 June 2015, paid/payable by the Company of approximately HK\$[REDACTED] and HK\$[REDACTED] respectively.
- The number of shares used for the calculation of unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company per Share is based on [REDACTED] shares comprise of shares in issue as at date of this document and those shares to be issued pursuant to the [REDACTED] and the effect of the Capitalisation Issue[, and without taking into account any Shares which may be issued upon exercise of the [REDACTED]].
- No adjustments have been made to the unaudited pro forma financial information to reflect any trading result or other transactions of the Group entered into subsequent to 30 June 2015.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPIATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from our reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this document, in respect of the unaudited pro forma financial information of the Group.

Deloitte.
德勤

德勤·關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPIATION OF PRO FORMA FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 27 July 2015 under the Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (the "**Memorandum**") and the Amended and Restated Articles of Association (the "**Articles**").

1. MEMORANDUM OF ASSOCIATION

1.1 The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and since the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

1.2 By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on [23 November 2015]. The following is a summary of certain provisions of the Articles:

2.1 Shares

2.1.1 *Classes of shares*

The share capital of the Company consists of ordinary shares.

2.1.2 *Share certificates*

Every person whose name is entered as a member in the register of members shall be entitled to receive a certificate for his shares. No shares shall be issued to bearer.

APPENDIX III

SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

Every certificate for shares, warrants or debentures or representing any other form of securities of the Company shall be issued under the seal of the Company, and shall be signed autographically by one Director and the Secretary, or by two Directors, or by some other person(s) appointed by the Board for the purpose. As regards any certificates for shares or debentures or other securities of the Company, the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature other than autographic or may be printed thereon as specified in such resolution or that such certificates need not be signed by any person. Every share certificate issued shall specify the number and class of shares in respect of which it is issued and the amount paid thereon and may otherwise be in such form as the Board may from time to time prescribe. A share certificate shall relate to only one class of shares, and where the capital of the Company includes shares with different voting rights, the designation of each class of shares, other than those which carry the general right to vote at general meetings, must include the words "restricted voting" or "limited voting" or "non-voting" or some other appropriate designation which is commensurate with the rights attaching to the relevant class of shares. The Company shall not be bound to register more than four persons as joint holders of any share.

2.2 Directors

2.2.1 *Power to allot and issue shares and warrants*

Subject to the provisions of the Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that upon the happening of a specified event or upon a given date and either at the option of the Company or the holder thereof, they are liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.

APPENDIX III

**SUMMARY OF THE CONSTITUTION OF THE
COMPANY AND CAYMAN ISLANDS COMPANY LAW**

Subject to the provisions of the Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

2.2.2 Power to dispose of the assets of the Company or any subsidiary

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

2.2.3 Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

2.2.4 Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors and their close associates which are equivalent to provisions of Hong Kong law prevailing at the time of adoption of the Articles.

APPENDIX III

**SUMMARY OF THE CONSTITUTION OF THE
COMPANY AND CAYMAN ISLANDS COMPANY LAW**

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

2.2.5 Disclosure of interest in contracts with the Company or with any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and, upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any Share by reason that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

APPENDIX III

**SUMMARY OF THE CONSTITUTION OF THE
COMPANY AND CAYMAN ISLANDS COMPANY LAW**

A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or other proposal in which he or his close associate(s) is/are materially interested, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters namely:

- (a) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (c) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the **[REDACTED]**;
- (d) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including (i) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; or
- (e) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

APPENDIX III **SUMMARY OF THE CONSTITUTION OF THE**
COMPANY AND CAYMAN ISLANDS COMPANY LAW

2.2.6 Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree or failing agreement, equally, except that in such event any Director holding office for only a portion of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he has held office. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with other companies (being subsidiaries of the Company or with which the Company is associated in business), or may make contributions out of the Company's monies to, such schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

APPENDIX III

**SUMMARY OF THE CONSTITUTION OF THE
COMPANY AND CAYMAN ISLANDS COMPANY LAW**

In addition, the Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

2.2.7 Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one-third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days prior to the date of such meeting and the minimum length of the period during which such notices to the Company may be given must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to the Board or retirement therefrom.

APPENDIX III

**SUMMARY OF THE CONSTITUTION OF THE
COMPANY AND CAYMAN ISLANDS COMPANY LAW**

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to retirement by rotation provisions in the articles of association. The number of Directors shall not be less than two.

In addition to the foregoing, the office of a Director shall be vacated:

- (a) if he resigns his office by notice in writing delivered to the Company at the registered office or head office of the Company for the time being or tendered at a meeting of the Board;
- (b) if he dies or becomes of unsound mind as determined pursuant to an order made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;
- (c) if, without special leave, he is absent from meetings of the Board for six (6) consecutive months, and the Board resolves that his office is vacated;
- (d) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (e) if he is prohibited from being a director by law;
- (f) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles;
- (g) if he has been validly required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director and the relevant time period for application for review of or appeal against such requirement has lapsed and no application for review or appeal has been filed or is underway against such requirement; or
- (h) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

From time to time the Board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director or Directors and other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

2.2.8 Borrowing powers

Pursuant to the Articles, the Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The provisions summarized above, in common with the Articles of Association in general, may be varied with the sanction of a special resolution of the Company.

2.2.9 Register of Directors and officers

Pursuant to the Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

2.2.10 Proceedings of the Board

Subject to the Articles, the Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.3 Alterations to the constitutional documents

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed by the Company by special resolution.

APPENDIX III **SUMMARY OF THE CONSTITUTION OF THE**
COMPANY AND CAYMAN ISLANDS COMPANY LAW

2.4 Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or in the case of a shareholder being a corporation, by its duly authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 Alteration of capital

The Company may, by an ordinary resolution of its members, (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorized and subject to any conditions prescribed by law.

Reduction of share capital – subject to the Companies Law and to confirmation by the court, a company limited by shares may, if so authorised by its Articles of Association, by special resolution, reduce its share capital in any way.

APPENDIX III **SUMMARY OF THE CONSTITUTION OF THE**
COMPANY AND CAYMAN ISLANDS COMPANY LAW

2.6 Special resolution – majority required

In accordance with the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice, specifying the intention to propose the resolution as a special resolution, has been duly given.

Under Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 14 clear days' notice has been given and held in accordance with the Articles. A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

2.7 Voting rights (generally and on a poll) and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purpose as paid up on the share, and on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the GEM Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by:

- 2.7.1 at least two members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or

APPENDIX III **SUMMARY OF THE CONSTITUTION OF THE**
COMPANY AND CAYMAN ISLANDS COMPANY LAW

2.7.2 any member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

2.7.3 a member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s), be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s), as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the GEM Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

2.8 Annual general meetings

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

2.9 Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the assets and liabilities of the Company and of all other matters required by the Companies Law necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

APPENDIX III **SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW**

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account or book or document of the Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the GEM Listing Rules, the Company may send summarized financial statements to shareholders who has, in accordance with the GEM Listing Rules, consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the GEM Listing Rules, and must be sent to the shareholders not less than 21 days before the general meeting to those shareholders that have consented and elected to receive the summarized financial statements.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

2.10 Notices of meetings and business to be conducted thereat

An annual general meeting of the Company must be called by at least 21 days' notice in writing, and a general meeting of the Company other than an annual general meeting shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting, and particulars of the resolution(s) to be considered at that meeting, and, in the case of special business, the general nature of that business.

APPENDIX III **SUMMARY OF THE CONSTITUTION OF THE**
COMPANY AND CAYMAN ISLANDS COMPANY LAW

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such member at his registered address as appearing in the Company's register of members or by leaving it at such registered address as aforesaid or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. Where the registered address of the member is outside Hong Kong, notice, if given through the post, shall be sent by prepaid airmail letter where available. Subject to the Companies Law and the GEM Listing Rules, a notice or document may be served or delivered by the Company to any member by electronic means to such address as may from time to time be authorised by the member concerned or by publishing it on a website and notifying the member concerned that it has been so published.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

2.10.1 in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

2.10.2 in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% of the total voting rights at the meeting of all members of the Company.

All business transacted at an extraordinary general meeting shall be deemed special business and all business shall also be deemed special business where it is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (a) the declaration and sanctioning of dividends;
- (b) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (c) the election of Directors in place of those retiring;
- (d) the appointment of auditors;
- (e) the fixing of the remuneration of the Directors and of the auditors;
- (f) the granting of any mandate or authority to the Board to offer, allot, grant options over, or otherwise dispose of the unissued shares of the Company representing not more than 20% in nominal value of its existing issued share capital (or such other percentage as may from time to time be specified in the rules of the Stock Exchange) and the number of any securities repurchased by the Company since the granting of such mandate; and

APPENDIX III **SUMMARY OF THE CONSTITUTION OF THE**
COMPANY AND CAYMAN ISLANDS COMPANY LAW

- (g) the granting of any mandate or authority to the Board to repurchase securities in the Company.

2.11 Transfer of shares

Subject to the Companies Law, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve provided always that it shall be in such form prescribed by the Stock Exchange and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers in any case in which it in its discretion thinks fit to do so, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share option scheme upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognize any instrument of transfer unless a fee of such maximum sum as the Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

APPENDIX III **SUMMARY OF THE CONSTITUTION OF THE**
COMPANY AND CAYMAN ISLANDS COMPANY LAW

The register of members may, subject to the GEM Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction with respect to the right of the holder thereof to transfer such shares (except when permitted by the Stock Exchange) and shall also be free from all liens.

2.12 Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available to all members alike.

2.13 Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

2.14 Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

2.14.1 all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share; and

2.14.2 all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

APPENDIX III **SUMMARY OF THE CONSTITUTION OF THE**
COMPANY AND CAYMAN ISLANDS COMPANY LAW

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared on the share capital of the Company, the Board may resolve:

- (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (b) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, but in the case of joint holders, shall be addressed to the holder whose name stands first in the register of members of the Company in respect of the shares at his address as appearing in the register, or addressed to such person and at such address as the holder or joint holders may in writing so direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20 % per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend subsequently declared or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

APPENDIX III **SUMMARY OF THE CONSTITUTION OF THE**
COMPANY AND CAYMAN ISLANDS COMPANY LAW

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

2.15 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for use by him for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

2.16 Calls on shares and forfeiture of shares

The Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

APPENDIX III

**SUMMARY OF THE CONSTITUTION OF THE
COMPANY AND CAYMAN ISLANDS COMPANY LAW**

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and it shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

2.17 Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. However, the members of the Company will have such rights as may be set forth in the Articles. The Articles provide that for so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of member is closed) without charge and require the provision to him of copies or extracts thereof in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or outside the Cayman Islands, as its directors may, from time to time, think fit.

2.18 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

APPENDIX III

SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3.6 of this Appendix.

2.20 Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

2.20.1 if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

2.20.2 if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, on the shares held by them respectively.

In the event that the Company is wound up (whether the liquidation is voluntary or compelled by the court) the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

APPENDIX III **SUMMARY OF THE CONSTITUTION OF THE**
COMPANY AND CAYMAN ISLANDS COMPANY LAW

2.21 Untraceable members

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

In accordance with the Articles, the Company is entitled to sell any of the shares of a member who is untraceable if:

- 2.21.1 all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years;
- 2.21.2 upon the expiry of the 12 years and 3 months period (being the 3 months' notice period referred to in paragraph 2.21.3 below), the Company has not during that time received any indication of the existence of the member; and
- 2.21.3 the Company has caused an advertisement to be published in accordance with the GEM Listing Rules giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

2.22 Subscription rights reserve

Pursuant to the Articles, provided that it is not prohibited by and is otherwise in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

APPENDIX III **SUMMARY OF THE CONSTITUTION OF THE**
COMPANY AND CAYMAN ISLANDS COMPANY LAW

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 27 July 2015 subject to the Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 Company operations

As an exempted company, the Company must conduct its operations mainly outside the Cayman Islands. Moreover, the Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

3.2 Share capital

In accordance with the Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- 3.2.1 paying distributions or dividends to members;
- 3.2.2 paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- 3.2.3 any manner provided in section 37 of the Companies Law;
- 3.2.4 writing-off the preliminary expenses of the company; and
- 3.2.5 writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

APPENDIX III

SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

Notwithstanding the foregoing, the Companies Law provides that no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

It is further provided by the Companies Law that, subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorized to do so by its articles of association, by special resolution reduce its share capital in any way.

The Articles include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

3.3 Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company when proposing to grant such financial assistance discharge their duties of care and acting in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

3.4 Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. Nonetheless, if the articles of association do not authorize the manner and terms of purchase, a company cannot purchase any of its own shares without the manner and terms of purchase first being authorized by an ordinary resolution of the company. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

APPENDIX III **SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW**

Under Section 37A(1) the Companies Law, shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if (a) the memorandum and articles of association of the company do not prohibit it from holding treasury shares; (b) the relevant provisions of the memorandum and articles of association (if any) are complied with; and (c) the company is authorised in accordance with the company's articles of association or by a resolution of the directors to hold such shares in the name of the company as treasury shares prior to the purchase, redemption or surrender of such shares. Shares held by a company pursuant to section 37A(1) of the Companies Law shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

3.5 Dividends and distributions

With the exception of sections 34 and 37A(7) of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see sub-paragraph 2(n) of this Appendix for further details). Section 37A(7)(c) of the Companies Law provides that for so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

3.6 Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions thereto) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge:

- 3.6.1 an act which is *ultra vires* the company or illegal;
- 3.6.2 an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and
- 3.6.3 an irregularity in the passing of a resolution the passage of which requires a qualified (or special) majority which has not been obtained.

APPENDIX III

SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members thereof holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report thereon.

Moreover, any member of a company may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

3.7 Disposal of assets

There are no specific restrictions in the Companies Law on the power of directors to dispose of assets of a company, however the directors have certain duties of care, diligence and skill and also fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

3.8 Accounting and auditing requirements

Section 59 of the Companies Law provides that a company shall cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters with respect to which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Section 59 of the Companies Law further states that proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If the Company keeps its books of account at any place other than at its registered office or at any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

3.9 Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

APPENDIX III **SUMMARY OF THE CONSTITUTION OF THE**
COMPANY AND CAYMAN ISLANDS COMPANY LAW

3.10 Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- 3.10.1 that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- 3.10.2 in addition, that no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
- (a) on or in respect of the shares, debentures or other obligations of the Company; or
 - (b) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of twenty years from 11 August 2015.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments.

3.11 Stamp duty on transfers

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

3.12 Loans to directors

The Companies Law contains no express provision prohibiting the making of loans by a company to any of its directors. However, the Articles provide for the prohibition of such loans under specific circumstances.

3.13 Inspection of corporate records

The members of the company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

APPENDIX III **SUMMARY OF THE CONSTITUTION OF THE**
COMPANY AND CAYMAN ISLANDS COMPANY LAW

3.14 Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. The Companies Law contains no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

3.15 Winding up

A Cayman Islands company may be wound up either by (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company occurs where the Company so resolves by special resolution that it be wound up voluntarily, or, where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due; or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or where the event occurs on the occurrence of which the memorandum or articles provides that the company is to be wound up. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators shall be appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof.

APPENDIX III

SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order shall take effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, there may be appointed one or more persons to be called an official liquidator or official liquidators; and the court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one persons are appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

3.16 Reconstructions

Reconstructions and amalgamations are governed by specific statutory provisions under the Companies Law whereby such arrangements may be approved by a majority in number representing 75% in value of members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member would have the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, nonetheless the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

3.17 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

APPENDIX III **SUMMARY OF THE CONSTITUTION OF THE
COMPANY AND CAYMAN ISLANDS COMPANY LAW**

3.18 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix [V]. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 27 July 2015. Our Company has established a place of business in Hong Kong at 3/F, Allied Cargo Centre, 150-160 Texaco Road, Tsuen Wan, New Territories and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on [●] 2015. In connection with such registration, Mr. Yeung has been appointed as the authorised representative of our Company for acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, its operations are subject to the relevant laws and regulations of the Cayman Islands, Companies Law and its constitution, which comprises its Memorandum of Association and Articles of Association. A summary of certain provisions of its constitution and relevant aspects of the Companies Law is set out in Appendix III to this document.

2. Changes in authorised and issued share capital of our Company

- (a) Our Company was incorporated in the Cayman Islands on 27 July 2015 with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. As at the date of incorporation, one subscriber Share was allotted and issued as fully paid to the subscriber, which was transferred to Orange Blossom on the same date. Our Company further allotted and issued as fully paid (i) three Shares to Orange Blossom; (ii) four Shares to Mr. Lee; and (iii) two Shares to Leader Speed on 27 July 2015.
- (b) On [●] 2015, pursuant to the Reorganisation Agreement dated [●] 2015, our Company acquired the entire issued share capital of Real Runner from Orange Blossom, Best Matrix, Leader Speed and Granada Global, and in consideration thereof, our Company issued and allotted, credited as fully paid, 372 Shares to Orange Blossom, 396 Shares to Best Matrix, 192 Shares to Leader Speed and 30 Shares to Granada Global.
- (c) Pursuant to the written resolutions of the Shareholders passed on [23 November] 2015, the authorised share capital of our Company was increased from HK\$380,000 to HK\$[100,000,000] by the creation of a further [99,620,000] Shares.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (d) Immediately following the completion of the [REDACTED] and the Capitalisation Issue, without taking into account any Shares which may be issued upon the exercise of [the [REDACTED] and] any options which may be granted under the Share Option Scheme, the authorised share capital of our Company will be HK\$[100,000,000] divided into [10,000,000,000] Shares, of which Shares will be allotted and issued, fully paid or credited as fully paid and [9,520,000,000] Shares will remain unissued. Other than the Shares issuable pursuant to the exercise of any options which may fall to be granted under the Share Option Scheme, or the exercise of the general mandate referred to in “A. Further information about our Company and our subsidiaries – 3. Written resolutions of the Shareholders” in this Appendix, our Directors have no present intention to issue any part of the authorised but unissued capital of our Company, and without the prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.
- (e) Save as disclosed above, there has been no alteration in the share capital of our Company since its incorporation.

3. Written resolutions of the Shareholders

Pursuant to the written resolutions passed by all Shareholders on [23 November] 2015, *inter alia*:

- (a) the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$[100,000,000] divided into [10,000,000,000] Shares of HK\$0.01 each by the creation of an additional [9,962,000,000] Shares of HK\$0.01 each;
- (b) conditional on the conditions as set out in the section headed “Structure and Conditions of the [REDACTED]” of this document:
 - (i) the [REDACTED] was approved and our Directors were authorised to (aa) allot and issue the [REDACTED] to rank pari passu with the then existing Shares in all respects; (bb) implement the [REDACTED] and the [REDACTED] of Shares on GEM; and (cc) do all things and execute all documents in connection with or incidental to the [REDACTED] and the [REDACTED] with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;
 - (ii) conditional on the share premium account of our Company being credited as a result of the [REDACTED], our Directors were authorised to capitalise HK\$[REDACTED] standing to the credit of the share premium account of our Company towards paying up in full at par of a total [REDACTED] Shares for allotment and issue to Orange Blossom, Best Matrix, Leader Speed and Granada Global;

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (iii) the rules of the Share Option Scheme, the principal terms of which are set out in “D. Share Option Scheme” in this Appendix, were approved and adopted and our Directors were authorised, subject to the terms and conditions of the Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of options that may be granted under the Share Option Scheme and to take all such steps as may be necessary or desirable to implement the Share Option Scheme;
- (iv) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with, otherwise than by way of rights issues or an issue of Shares upon the exercise of any subscription rights attached to any warrants of our Company or pursuant to the exercise of any options which may be granted under the Share Option Scheme or under any other option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of our Company and/or any of our subsidiaries of shares or rights to acquire shares or any scrip dividend schemes or similar arrangements providing for the allotment and issue of shares of our Company in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association or a specific authority granted by our Shareholders in general meeting, Shares with a total nominal value not exceeding (1) 20% of the aggregate of the total nominal value of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the [REDACTED] (without taking into account any Shares falling to be issued pursuant to the exercise of [the [REDACTED] and] any options which may be granted under the Share Option Scheme); and (2) the aggregate nominal value of shares repurchased under the Repurchase Mandate as defined in paragraph (v) below. Such mandate shall remain in effect until whichever is the earliest of:
 - (1) the conclusion of the next annual general meeting of our Company;
 - (2) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any other applicable laws of the Cayman Islands; or
 - (3) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate;
- (v) a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is

recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate of the total nominal value of the share capital of our Company in issue immediately following the completion of the Capitalisation Issue and the [REDACTED] (without taking into account any Shares falling to be issued pursuant to the exercise of [the [REDACTED] and] any options which may be granted under the Share Option Scheme), such mandate shall remain in effect until whichever is the earliest of:

- (1) the conclusion of the next annual general meeting of our Company;
 - (2) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any other applicable laws of the Cayman Islands; or
 - (3) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate;
- (vi) the general unconditional mandate mentioned in paragraph (iv) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted, issued or dealt with by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the Repurchase Mandate referred to in paragraph (v) above provided that such extended amount shall not exceed 10% of the total nominal value of the share capital of our Company in issue immediately following the completion of the [REDACTED] and the Capitalisation Issue excluding any Shares which may be issued upon exercise of [the [REDACTED] and] any options that may be granted under the Share Option Scheme; and
- (vii) our Company approved and adopted the Memorandum of Association and Articles of Association, the terms of which are summarised in Appendix III to this document.

4. Reorganisation

The companies comprising our Group underwent a Reorganisation in preparation for the [REDACTED], details of which are set out in the paragraph headed “History, Reorganisation and Corporate Structure – Reorganisation” of this document. Following the Reorganisation, our Company became the holding company of our Group.

Diagrams showing our Group structure after the Reorganisation and immediately upon completion of the Capitalisation Issue and the [REDACTED] (assuming that no Share has been issued pursuant to the exercise of [the [REDACTED] and] any option

which may be granted under the Share Option Scheme) are set out in the paragraph headed “History, Reorganisation and Corporate Structure – Reorganisation” of this document.

5. Changes in share capital of subsidiaries

Our Company’s subsidiaries are referred to in the accountant’s report, the text of which is set out in Appendix I to this document.

Save as mentioned in the paragraph headed “History, Reorganisation and Corporate Structure – Our Group’s structure and corporate history”, there was no change in the share capital of the major subsidiaries of our Company during the two years preceding the date of this document.

Save for the subsidiaries mentioned in Appendix I to this document, our Company has no other subsidiaries.

6. Repurchase by our Company of its own securities

This paragraph includes information required by the Stock Exchange to be included in this document concerning the repurchase by our Company of its own securities.

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders’ approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company [REDACTED] on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by the Shareholders on [23 November 2015], a general mandate was given to our Directors to exercise all powers of our Company to purchase Shares on the Stock Exchange or any other stock exchange on which the securities of our Company may be [REDACTED] and which is recognised by the SFC and the Stock Exchange for this purpose, of up to 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the [REDACTED]. The general mandate will remain in effect until whichever is the earliest of: (i) the conclusion of the next annual general meeting of our Company; (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any applicable Cayman Islands law; or (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking, varying or renewing such mandate.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(ii) Source of funds

Any repurchases must be financed out of funds legally available for such purpose in accordance with the Memorandum of Association and Articles of Association and any applicable laws of the Cayman Islands. A listed company is prohibited from repurchasing its own securities on the GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Under the Cayman Islands law, any repurchases by our Company may be made out of profits of our Company or out of the proceeds of a fresh issue of share made for the purpose of the repurchase or, if authorised by the Articles of Association and subject to the Companies Law, out of capital and, in case of any premium payable on the repurchase, out of profits of our Company or from sums standing to the credit of the share premium accounts of our Company, or if authorised by the Articles of Association and subject to the Companies Law, out of capital.

(iii) Trading restrictions

A company is authorised to repurchase on the GEM or on any other stock exchange recognised by the SFC in Hong Kong and the Stock Exchange the total number of shares which represent up to a maximum of 10% of the aggregate nominal value of the existing issued share capital of that company or warrants to subscribe for shares in that company representing up to 10% of the amount of warrants then outstanding at the date of the passing of the relevant resolution granting the repurchase mandate. A company may not issue or announce an issue of new securities of the type that have been repurchased for a period of 30 days immediately following a repurchase of securities whether on the GEM or otherwise (except pursuant to the exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to the repurchase) without the prior approval of the Stock Exchange. A company is also prohibited from making securities repurchase on the GEM if the result of the repurchases would be that the number of the listed securities in hands of the public would be below the relevant prescribed minimum percentage for that company as required and determined by the Stock Exchange. A company shall not purchase its shares on the GEM if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the GEM.

(iv) Status of repurchased securities

The listing of all repurchased securities (whether on the GEM or otherwise) is automatically cancelled and the relevant certificates must be cancelled and destroyed. Under the Cayman Islands law, a company's repurchased shares if not held by the Company as treasury shares, may be treated as cancelled and, if so cancelled, the amount of that company's issued share capital shall be reduced by the aggregate nominal value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

(v) Suspension of repurchase

Any securities repurchase programme is required to be suspended after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information is made publicly available. In particular, during the period of one month immediately preceding either the preliminary announcement of a company's annual results or the publication of a company's interim report, a company may not purchase its securities on the GEM unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit repurchases of securities on the GEM if a company has breached the GEM Listing Rules.

(vi) Reporting requirements

Repurchases of securities on the GEM or otherwise must be reported to the Stock Exchange not later than 9:00 a.m. (Hong Kong time) on the following business day. In addition, a company's annual report and accounts are required to include a monthly breakdown of securities repurchases made during the financial year under review, showing the number of securities repurchased each month (whether on the GEM or otherwise), the purchase price per share or the highest and lowest prices paid for all such repurchases and the total prices paid. The directors' report is also required to contain reference to the purchases made during the year and the directors' reasons for making such purchases. The company shall make arrangements with its broker who effects the purchase to provide the company in a timely fashion the necessary information in relation to the purchase made on behalf of the company to enable the company to report to the Stock Exchange.

(vii) Connected parties

Under the GEM Listing Rules, a company shall not knowingly repurchase shares from a core connected person (as defined in the GEM Listing Rules) and a core connected person shall not knowingly sell his shares to the company.

(b) *Exercise of the Repurchase Mandate*

Exercise in full of the Repurchase Mandate, on the basis of [REDACTED] Shares in issue immediately after [REDACTED], could accordingly result in up to [REDACTED] Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

(c) *Reasons for repurchases*

Repurchases of Shares will only be made when our Directors believe that such a repurchase will benefit our Company and Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share.

(d) *Funding of repurchases*

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with our Memorandum of Association and Articles of Association and the applicable laws and regulations of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this document and taking into account the current working capital position of our Group, our Directors consider that, if the Repurchase Mandate was to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this document. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

(e) *General*

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, our Memorandum and Articles and the applicable laws of the Cayman Islands.

No core connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, in the event that the Repurchase Mandate is exercised.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of our Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequence which would arise under the Takeovers Code due to any repurchase made pursuant to the Repurchase Mandate immediately after the [REDACTED].

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts

The following contracts (not being contracts entered into the ordinary course of business of our Group) have been entered into by members of our Group within the two years immediately preceding the date of this document and are or may be material:

- (a) A sale and purchase agreement dated 23 July 2015 entered into between Granada Global and Orange Blossom, pursuant to which Orange Blossom agreed to transfer 72 shares of Real Runner to Granada Global at the consideration of HK\$2.0 million;
- (b) A sale and purchase agreement dated 23 July 2015 entered into between Granada Global and Leader Speed, pursuant to which Leader Speed agreed to transfer 18 shares of Real Runner to Granada Global at the consideration of HK\$0.5 million;
- (c) A Reorganisation Agreement dated [●] 2015 made between our Company as purchaser and Orange Blossom, Best Matrix, Leader Speed and Granada Global as vendors in relation to our Company's acquisition of the entire issued share capital of Real Runner from Orange Blossom, Best Matrix, Leader Speed and Granada Global, and in consideration thereof, our Company issued and allotted, credited as fully paid, 372 Shares to Orange Blossom, 396 Shares to Best Matrix, 192 Shares to Leader Speed and 30 Shares to Granada Global.
- (d) the Deed of Indemnity;
- (e) the Deed of Non-competition; and
- (f) the Underwriting Agreement.



APPENDIX IV

STATUTORY AND GENERAL INFORMATION

2. Intellectual property rights of our Group

(a) Trademarks

As at the Latest Practicable Date, our Group had applied for registration of the following trademark in Hong Kong:

Trademark	Place of registration	Application number	Name of applicant	Date of Class application <i>(Note)</i>
 	Hong Kong	303425166	World-Link Roadway	39 29 May 2015

Note: Class 39: Transport; packaging and storage of goods; travel arrangement

(b) Domain name

As at the Latest Practicable Date, our Group had registered the following domain name:

Domain name	Registrant	Date of registration	Expiry date
world-linkasia.com	the Company	9 July 2015	8 July 2015
world-linkasia.com.hk	World-Link Roadway	22 September 1999	Null

Information contained in the above website does not form part of this document.

Save as disclosed herein, there are no other trade or service marks, patents, copyrights, other intellectual or industrial property rights which are or may be material to the business of our Group.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

C. FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF

1. Directors

(a) Disclosure of interests of Directors

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the [REDACTED] without taking into account the Shares which may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme, the interests and short positions of our Directors and chief executive of our Company in the Shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have taken under such provisions), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 and 5.67 of the GEM Listing Rules, will be as follows:

Long position in the Shares

Name of Directors	Capacity	Number and class of securities	Approximate percentage of shareholding
Mr. Lee (<i>Notes 1,2</i>)	Interest in a controlled corporation; interest held jointly with another person	[REDACTED] ordinary Shares	[REDACTED]
Mr. Yeung (<i>Notes 1,3</i>)	Interest in a controlled corporation; interest held jointly with another person	[REDACTED] ordinary Shares	[REDACTED]
Mr. Luk (<i>Note 1, 4</i>)	Interest in a controlled corporation; interest held jointly with another person	[REDACTED] ordinary Shares	[REDACTED]

Notes:

- 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 with each of the members of our Group during and since the Track Record Period and continue as at and after the date of the Concert Parties Confirmatory Deed, details of which are set out in the paragraph headed “History, Reorganisation and Corporate Structure – Parties acting in concert” of this document.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

2. Shares in which Mr. Lee is interested consist of (i) [REDACTED] Shares held by Best Matrix, a company wholly owned by Mr. Lee, in which Mr. Lee is deemed to be interested under the SFO; and (ii) [REDACTED] Shares in which Mr. Lee is deemed to be interested as a result of being a party acting-in-concert with Mr. Yeung and Mr. Luk.
3. Shares in which Mr. Yeung is interested consist of (i) [REDACTED] Shares held by Orange Blossom, a company wholly owned by Mr. Yeung, in which Mr. Yeung is deemed to be interested under the SFO and (ii) [REDACTED] Shares in which Mr. Yeung is deemed to be interested as a result of being a party acting-in-concert with Mr. Lee and Mr. Luk.
4. Shares in which Mr. Luk is interested consist of (i) [REDACTED] Shares held by Leader Speed, a company wholly owned by Mr. Luk, in which Mr. Luk is deemed to be interested under the SFO and (ii) [REDACTED] Shares in which Mr. Luk is deemed to be interested as a result of being a party acting-in-concert with Mr. Lee and Mr. Yeung.

(b) Particulars of service contracts

Each of Mr. Lee, Mr. Yeung, Mr. Luk, our executive Directors, [has entered] into a service contract with our Company for an initial fixed term of three years commencing from the [REDACTED] Date until terminated by not less than three months’ notice in writing served by either party. Commencing from the [REDACTED] Date, each of our executive Directors is entitled to an annual salary set out below, such salary to be reviewed annually by our Board and the remuneration committee of our Company.

In addition, each of our executive Directors is entitled to a discretionary bonus by reference to our Group’s audited net profit after taxation but before extraordinary items of our Group for the relevant year as our Board and the Remuneration Committee may approve, provided that the relevant executive Director shall abstain from voting and not be counted in the quorum in respect of any resolution of our Board approving the amount of annual salary, discretionary bonus and other benefits payable to him/her. The current basic annual salary of our executive Directors are as follows:

Name	Amount <i>(HK\$)</i>
Mr. Lee	780,000
Mr. Yeung	1,280,000
Mr. Luk	780,000

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Each of Poon Ka Lee, Barry, Ms. Yam Ka Yue and Mr. How Sze Ming, being our independent non-executive Directors, has entered into a letter of appointment with our Company for an initial term of service commencing from the [REDACTED] Date and shall continue thereafter subject to a maximum of three years unless terminated by either party giving not less than one month's notice in writing. Commencing from the [REDACTED] Date, each independent non-executive Director is entitled to an annual director's fee of HK\$201,600.

Save as disclosed above, none of our Directors has or is proposed to enter into a service contract/letter of appointment with our Company or any of our subsidiaries (other than contracts expiring or determinable by our Group within one year without the payment of compensation (other than statutory compensation)).

(c) *Directors' remuneration*

Our Company's policies concerning remuneration of executive Directors are:

- (i) the amount of remuneration payable to our executive Directors will be determined on a case by case basis depending on the experience, responsibility, workload and the time devoted to our Group by the relevant Director;
- (ii) non-cash benefits may be provided to our Directors under their remuneration package; and
- (iii) our executive Directors may be granted, at the discretion of our Board, share options of our Company, as part of the remuneration package.

An aggregate sum of approximately HK\$1.66 million, HK\$1.56 million and HK\$0.78 million was paid to our Directors as remuneration and benefits in kind by our Group for the two years ended 31 December 2014 and the six months ended 30 June 2015, respectively. Further information in respect of our Directors' remuneration is set out in note 9 to the accountant's report in Appendix I to this document.

An aggregate sum of approximately HK\$2.9 million will be paid to our Directors as remuneration and benefits in kind by our Group for the year ending 31 December 2015 under the arrangements in force at the date of this document excluding management bonus.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

2. Substantial shareholders

So far as our Directors are aware, immediately following the completion of the Capitalisation Issue and the [REDACTED] and taking no account of any Shares which may be taken up under the [REDACTED] or any Shares which may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme, the following persons/entities (not being our Directors or chief executive of our Company) will have an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of our Company required to be kept under section 336 of the SFO, or who will be, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group:

Long positions in Shares, underlying Shares and debentures

Name	Capacity	Number and class of securities	Approximate percentage of shareholding
Best Matrix (<i>Note 1</i>)	Beneficial owner; interest held jointly with another person	[REDACTED] ordinary Shares	[REDACTED]
Orange Blossom (<i>Note 1</i>)	Beneficial owner; interest held jointly with another person	[REDACTED] ordinary Shares	[REDACTED]
Leader Speed (<i>Note 1</i>)	Beneficial owner; interest held jointly with another person	[REDACTED] ordinary Shares	[REDACTED]
Mrs. Lee (<i>Note 2</i>)	Interest of spouse	[REDACTED] ordinary Shares	[REDACTED]
Ms. Law Wai Yee (<i>Note 3</i>)	Interest of spouse	[REDACTED] ordinary Shares	[REDACTED]
Ms. Wong Soo Fung (<i>Note 4</i>)	Interest of spouse	[REDACTED] ordinary Shares	[REDACTED]

Notes

- 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 of each of the members of our Group during and since the Track Record Period and continue as at and after the date of the Concert Parties Confirmatory Deed, details of which are set out in the paragraph headed “History, Reorganisation and Corporate Structure – Parties acting in concert” of this document. As such, pursuant to the parties acting in concert arrangement, each of our Controlling Shareholders, i.e. Best Matrix (being wholly owned by Mr. Lee), Mr. Lee, Orange Blossom (being wholly owned by Mr. Yeung), Mr. Yeung, Leader Speed (being wholly owned by Mr. Luk) and Mr. Luk, is deemed to be interested in [REDACTED]% of the issued share capital of our Company.
- Mrs. Lee is the spouse of Mr. Lee. Under the SFO, Mrs. Lee is deemed to be interested in [REDACTED] shares held by Mr. Lee.
- Ms. Law Wai Yee is the spouse of Mr. Yeung. Under the SFO, Ms. Law Wai Yee is deemed to be interested in [REDACTED] shares held by Mr. Yeung.

4. Ms. Wong Soo Fung is the spouse of Mr. Luk. Under the SFO, Ms. Wong Soo Fung is deemed to be interested in [REDACTED] shares held by Mr. Luk.

3. Related party transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this document as mentioned in note 22 of the accountant’s report set out in Appendix I to this document.

4. Disclaimers

Save as disclosed in this Appendix and the section headed “Substantial Shareholders” of this document:

- (a) and taking no account of any Shares which may be taken up or acquired under the [REDACTED] or any Shares which may be allotted and issued upon the exercise of [the [REDACTED] and] any options which may be granted under the Share Option Scheme, our Directors are not aware of any person who immediately following completion of the Capitalisation Issue and the [REDACTED] will have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, either directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of our Company or any other members of our Group;
- (b) none of our Directors and chief executive of our Company has for the purposes of Divisions 7 and 8 of Part XV of the SFO or the GEM Listing Rules, nor is any of them taken to or deemed to have under Divisions 7 and 8 of Part XV of the SFO, an interest or short position in the shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of the SFO) or any interests which will have to be entered in the register to be kept by our Company pursuant to section 352 of the SFO or which will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules once the Shares are listed on the Stock Exchange;
- (c) none of our Directors nor the experts named in “E. Other information – 20. Qualifications of experts” in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this document, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group; and

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (e) none of the experts named in “E. Other information – 20. Qualifications of experts” in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

D. SHARE OPTION SCHEME

1. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally approved by all Shareholders on [23 November] 2015.

For the purpose of this section, unless the context otherwise requires:

“Board”	means our board of Directors from time to time or a duly authorised committee thereof;
“Eligible Person”	means, among others, any full-time or part-time employee of our Company or any member of our Group, including any executive, non-executive directors and independent non-executive directors, advisors, consultants of our Company or any of our subsidiaries;
“Option”	means an option to subscribe for Shares granted pursuant to the Share Option Scheme;
“Option Period”	means in respect of any particular Option, the period to be determined and notified by our Board to each Participant;
“Other Schemes”	means any other share option schemes adopted by our Group from time to time pursuant to which options to subscribe for Shares may be granted;
“Participant”	means any Eligible Person who accepts or is deemed to have accepted the offer of any Option in accordance with the terms of the Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Participant;
“Shareholders”	means shareholders of our Company from time to time;
“Subsidiary”	means a company which is for the time being and from time to time a subsidiary (within the meaning of the GEM Listing Rules) of our Company, whether incorporated in Hong Kong or elsewhere; and

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

“Trading Day” means a day on which trading of Shares take place on the Stock Exchange.

(a) *Purpose of the Share Option Scheme*

The Share Option Scheme enables our Company to grant Options to Eligible Persons as incentives or rewards for their contributions to our Group.

(b) *Who may join*

Our Board may, at its discretion, invite any Eligible Persons to take up Options at a price calculated in accordance with sub-paragraph (d) below. Upon acceptance of the Option, the Eligible Person shall pay HK\$1.00 to our Company by way of consideration for the grant. The Option will be offered for acceptance for a period of not less than 5 business days from the date on which the Option is granted.

(c) *Grant of Option*

Any grant of Options must not be made after inside information has come to the knowledge of our Company until our Company has announced the information. In particular, during the period commencing one month immediately preceding the earlier of (a) the date of our Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company’s results for any year, half-year, quarter-year period or any other interim period (whether or not required under the GEM Listing Rules), and (b) the deadline for our Company to publish an announcement of its results for any year, half-year, quarter-year period or any interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement, no Option may be granted. The period during which no Option may be granted will cover any period of delay in the publication of results announcement. Our Directors may not grant any Option to an Eligible Person during the periods or times in which directors of the listed issuer are prohibited from dealing in shares pursuant to Rules 5.48 to 5.67 prescribed by the GEM Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

The total number of Shares issued and to be issued upon exercise of the Options granted to a Participant under the Share Option Scheme and Other Schemes (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue from time to time, and provided that if approved by Shareholders in general meeting with such Participant and his close associates (or his associates if the participant is a connected person) abstaining from voting, our Company may make a further grant of Options to such Participant (the “**Further Grant**”) notwithstanding that the Further Grant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted under the Share Option Scheme and Other Schemes to such Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of the Further Grant representing in aggregate over 1% of the Shares in issue from time to time. In relation to the Further Grant, our Company must send a circular

to our Shareholders, which discloses the identity of the relevant Participant, the number and the terms of the Options to be granted (and Options previously granted to such Participant under the Share Option Scheme and Other Schemes) and the information required under the GEM Listing Rules. The number and terms (including the exercise price) of Options which is the subject of the Further Grant shall be fixed before the relevant Shareholders’ meeting and the date of meeting of our Board for proposing the Further Grant should be taken as the date of grant for the purpose of calculating the relevant subscription price.

(d) Price of Shares

The subscription price for the Shares subject to Options will be a price determined by our Board and notified to each Participant and shall be the highest of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the Options, which must be a Trading Day; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five Trading Days immediately preceding the date of grant of the Options; and (iii) the nominal value of a Share.

For the purpose of calculating the subscription price, in the event that on the date of grant, our Company has been [REDACTED] for less than five Trading Days, the [REDACTED] shall be used as the closing price for any Trading Day falling within the period before the [REDACTED] Date.

(e) Maximum number of Shares

- (i) The total number of Shares which may be issued upon the exercise of all Options to be granted under the Share Option Scheme and Other Schemes must not, in aggregate, exceed 10% of the Shares in issue as at the [REDACTED] Date (the “**Scheme Mandate Limit**”) provided that Options lapsed in accordance with the terms of the Shares Option Scheme or Other Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. On the basis of [REDACTED] Shares in issue on the [REDACTED] Date, the Scheme Mandate Limit will be equivalent to [REDACTED] Shares, representing 10% of the Shares in issue as at the [REDACTED] Date.
- (ii) Subject to the approval of Shareholders in general meeting, our Company may renew the Scheme Mandate Limit to the extent that the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and Other Schemes under the Scheme Mandate Limit as renewed must not exceed 10% of the Shares in issue as at the date of such Shareholders’ approval provided that Options previously granted under the Share Option Scheme and Other Schemes (including those outstanding, cancelled, exercised or lapsed in accordance with the terms thereof) will not be counted for the purpose of calculating the Scheme Mandate Limit as renewed. In relation to the Shareholders’ approval referred to in this paragraph (ii),

our Company shall send a circular to our Shareholders containing the information required by the GEM Listing Rules.

- (iii) Subject to the approval of Shareholders in general meeting, our Company may also grant Options beyond the Scheme Mandate Limit provided that Options in excess of the Scheme Mandate Limit are granted only to Eligible Persons specifically identified by our Company before such Shareholders' approval is sought. In relation to the Shareholders' approval referred to in this paragraph (iii), our Company shall send a circular to our Shareholders containing a generic description of the identified Eligible Persons, the number and terms of the Options to be granted, the purpose of granting Options to the identified Eligible Persons, an explanation as to how the terms of such Options serve the intended purpose and such other information required by the GEM Listing Rules.
- (iv) Notwithstanding the foregoing, our Company may not grant any Options if the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and Other Schemes exceeds 30% of the Shares in issue from time to time.

(f) Time of exercise of Option

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Board to each Participant provided that the period within which the Option must be exercised shall not be more than 10 years from the date of the grant of Option. The exercise of an Option may be subject to the achievement of performance target and/or any other conditions to be notified by our Board to each Participant, which our Board may in its absolute discretion determine.

(g) Rights are personal to grantee

An Option shall be personal to the Participant and shall not be assignable or transferable and no Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest whether legal or beneficial in favour of any third party over or in relation to any Option. Any breach of the foregoing by the Participant shall entitle our Company to cancel any Option or any part thereof granted to such Participant (to the extent not already exercised) without incurring any liability on our Company.

(h) Rights on death

If a Participant dies before exercising the Options in full, his or her personal representative(s) may exercise the Options up to the Participant's entitlement (to the extent that it has become exercisable on the date of death and not already exercised) within a period of 12 months from the date of death, failing which such Options will lapse.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(i) *Changes in capital structure*

In the event of any alteration in the capital structure of our Company while an Option remains exercisable, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation, reclassification, subdivision or reduction of capital of our Company, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares subject to the Options so far as unexercised, and/or the exercise price, and/or the method of exercise of the Options, and/or the maximum number of Shares subject to the Share Option Scheme.

Any adjustments required under this paragraph must give a Participant the same proportion of the equity capital as that to which that Participant was previously entitled and shall be made on the basis that the aggregate exercise price payable by a Participant on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event, but no such adjustments may be made to the extent that Shares would be issued at less than nominal value and, unless with the prior approval of the Shareholders in general meeting, no such adjustments may be made to the advantage of the Participant. For the avoidance of doubt, the issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser of our Company or the auditors of our Company must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the GEM Listing Rules and the supplementary guidance set out in the letter issued by the Stock Exchange dated 5 September 2005 and any further guidance/interpretation of the GEM Listing Rules issued by the Stock Exchange from time to time.

(j) *Rights on take-over*

If a general offer (whether by way of takeover offer as defined in the Takeovers Code or scheme of arrangement or otherwise in like manner) has been made to all our Shareholders (other than the offeror and/or any persons acting in concert with the offeror), to acquire all or part of the issued Shares, and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, the Participant shall be entitled to exercise his or her outstanding Option in full or any part thereof within 14 days after the date on which such offer becomes or is declared unconditional. For the purposes of this sub-paragraph, “acting in concert” shall have the meaning ascribed to it under the Takeovers Code as amended from time to time.

(k) *Rights on a compromise or arrangement*

- (i) In the event of a notice is given by our Company to our Shareholders to convene a Shareholders’ meeting for the purpose of considering and approving a resolution to voluntarily wind up our Company, our Company shall forthwith give notice thereof to the Participants and the Participants may, by notice in writing to our Company accompanied by

the remittance for the total exercise price payable in respect of the exercise of the relevant Options (such notice to be received by our Company not later than two business days prior to the proposed meeting) exercise the outstanding Option either in full or in part and our Company shall, as soon as possible and in any event no later than the business day immediately prior to the date of the proposed Shareholders' meeting, allot and issue such number of Shares to the Participants which falls to be issued on such exercise.

- (ii) In the event of a compromise or arrangement between our Company and its members or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of our Company (other than any relocation schemes as contemplated in Rule 10.18(3) of the GEM Listing Rules), our Company shall give notice thereof to all Participants on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme of arrangement, and thereupon the Participants may, by notice in writing to our Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant Options (such notice to be received by our Company not later than two business days prior to the proposed meeting) exercise the outstanding Option either in full or in part and our Company shall, as soon as possible and in any event no later than the business day (excluding any period(s) of closure of our Company's share registers) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Participants which falls to be issued on such exercise credited as fully paid and registered the Participants as holders thereof.

(l) Lapse of Option

An Option shall lapse forthwith and not exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the Option as may be determined by the Board and under the Share Option Scheme;
- (ii) subject to paragraphs (f) and (p), the expiry of the Option Period of the Option;
- (iii) subject to paragraph (k)(i), the date of commencement of the winding-up of our Company;
- (iv) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in paragraph (k)(ii);
- (v) in the event that the Participant was an employee or director of any member of our Group on the date of grant of Option to him or her, the date on which such member of our Group terminates the Participant's

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

employment or removes the Participant from his or her office on the ground that the Participant has been guilty of misconduct, has committed an act of bankruptcy or has become insolvent or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty. A resolution of our Board or the board of directors of the relevant member of our Group to the effect that such employment or office has or has not been terminated or removed on one or more grounds specified in this sub-paragraph shall be conclusive;

- (vi) the happening of any of the following events, unless otherwise waived by our Board:
 - (1) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the asset or undertaking of the Participant (being a corporation); or
 - (2) the Participant (being a corporation) has ceased or suspended payment of its debts, become unable to pay its debts or otherwise become insolvent; or
 - (3) there is unsatisfied judgment, order or award outstanding against the Participant or our Company has reason to believe that the Participant is unable to pay or has no reasonable prospect of being able to pay his/her/its debts; or
 - (4) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of type mentioned in sub-paragraphs (1), (2) and (3) above; or
 - (5) a bankruptcy order has been made against the Participant or any director of the Participant (being a corporation) in any jurisdiction; or
 - (6) a petition for bankruptcy has been presented against the Participant or any director of the Participant (being a corporation) in any jurisdiction; or
- (vii) the date the Participant commits any breach of any terms or conditions attached to the grant of the Option, unless otherwise resolved to the contrary by our Board; or
- (viii) the date on which our Board resolves that the Participant has failed or otherwise is or has been unable to meet the continuing eligibility criteria.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(m) Ranking of Shares

Shares allotted and issued upon the exercise of an Option will be subject to our Articles of Association as amended from time to time and will rank *pari passu* in all respects with the fully paid or credited as fully paid Shares in issue on the date of such allotment or issue and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment and issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment or issue. Any Share allotted upon the exercise of the Option shall not carry voting rights until the name of the Grantee has been entered into the register of members of the Company as the holder thereof.

(n) Cancellation of Options granted

Any cancellation of Options granted in accordance with the Share Option Scheme but not exercised must be approved by the grantee concerned in writing.

In the event that our Board elects to cancel any Options and issue new ones to the same grantee, the issue of such new Options may only be made with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit.

(o) Period of Share Option Scheme

The Share Option Scheme will be valid and effective for a period of 10 years commencing on the [REDACTED] Date, after which period no further Options may be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects and Options granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

(p) Alteration to and termination of Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of our Board, except that the provisions of the Share Option Scheme relating to matters contained in Chapter 23 of the GEM Listing Rules shall not be altered to the advantage of the Participant or the prospective Participants without the prior approval of our Shareholders in general meeting (with the Eligible Persons, the Participants and their respective close associates abstaining from voting). No such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Participants as would be required by our Shareholders under our Articles of Association (as amended from time to time) for a variation of the rights attached to the Shares.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Any alterations to the terms and conditions of the Share Option Scheme, which are of a material nature shall first be approved by the Stock Exchange, except where such alterations take effect automatically under the existing terms of the Share Option Scheme.

Our Company may, by ordinary resolution in general meeting, at any time terminate the operation of the Share Option Scheme before the end of its life and in such event no further Options will be offered but the provisions of the Share Option Scheme shall remain in all other respects in full force and effect in respect of Options granted prior thereto but not yet exercised at the time of termination, which shall continue to be exercisable in accordance with their terms of grant. Details of the Options granted, including Options exercised or outstanding, under the Share Option Scheme, and (if applicable) Options that become void or non-exercisable as a result of termination must be disclosed in the circular to our Shareholders seeking approval for the first new scheme to be established after such termination.

(q) Granting of Options to a director, chief executive or substantial shareholder of our Company or any of their respective associates

Where Options are proposed to be granted to a director, chief executive or substantial shareholder of our Company or any of their respective associates, the proposed grant must be approved by all independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options).

If a grant of Options to a substantial shareholder of our Company or an independent non-executive Director, or any of their respective associates will result in the total number of the Shares issued and to be issued upon exercise of the Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person under the Share Option Scheme or Other Schemes in any 12-month period up to and including the date of the grant (i) representing in aggregate over 0.1% (or such other percentage as may from time to time specified by the Stock Exchange) of the Shares in issue from time to time, and (ii) having an aggregate value, based on the closing price of the Shares at the date of the grant, in excess of HK\$5 million, then the proposed grant of Options must be approved by our Shareholders. The grantee, his associates and all core connected persons of our Company must abstain from voting at such general meeting, except that any connected person may vote against the resolution provided that his or her intention to do so has been stated in the circular. The circular must contain the information required under the GEM Listing Rules.

In addition, Shareholders' approval as described above will also be required for any change in terms of the Options granted to an Eligible Person who is a substantial shareholder of our Company, an independent non-executive Director or their respective associates.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

The circular must contain the following:

- (i) details of the number and terms of the Options (including the subscription price relating thereto) to be granted to each Eligible Person, which must be fixed before the relevant Shareholders' meeting, and the date of Board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the subscription price;
- (ii) a recommendation from our independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee of the Options in question) to independent Shareholders, as to voting; and
- (iii) all other information as required by the GEM Listing Rules.

For the avoidance of doubt, the requirements for the granting of Options to a Director or chief executive (as defined in the GEM Listing Rules) of our Company set out in this paragraph (q) do not apply where the Eligible Person is only a proposed Director or proposed chief executive of our Company.

(r) *Conditions of Share Option Scheme*

- (a) the Stock Exchange granting approval for the [REDACTED] of and permission to deal in any Shares in issue, the Shares to be issued pursuant to the Capitalisation Issue, the [REDACTED] and any Shares which may fall to be issued pursuant to the exercise of [the [REDACTED] and] any options to be granted under the Share Option Scheme in respect of up to 10% of the Shares in issue as at the [REDACTED] Date;
- (b) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s)) and not being terminated in accordance with the terms of the Underwriting Agreement or otherwise; and
- (c) the commencement of dealings in the Shares on the GEM.

As at the Latest Practicable Date, no Option had been granted by the Company under the Share Option Scheme.

Application has been made to the Listing Division for the [REDACTED] of and permission to deal in the Shares which fall to be issued pursuant to the exercise of Options that may be granted under Share Option Scheme.

(s) *Present status of the Share Option Scheme*

As at the Latest Practicable Date, no options had been granted or agreed to be granted by our Company under the Share Option Scheme.

The terms of the Share Option Scheme are in compliance with Chapter 23 of the GEM Listing Rules.

E. OTHER INFORMATION

1. Tax and other indemnities

Each of our Controlling Shareholders (collectively, the “**Indemnifiers**”) [has entered] into the Deed of Indemnity (being the material contract referred to in “B. Further information about the business of our Group – 7. Summary of material contracts – (b) the Deed of Indemnity” in this Appendix) with and in favour of our Company (for itself and as trustee for each of our present subsidiaries) to provide indemnities on a joint and several basis in respect of, among other matters:

- (a) any tax (which includes estate duty) liabilities in whatever part of the world which might be payable by any member of our Group in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received, or of any transactions entered into, or the occurrence of any matters or things on or up to the date on which the [REDACTED] becomes unconditional (the “**Effective Date**”), save for any taxation the extent that:
 - (i) full provision has been made for such taxation in the audited accounts of our Group for the two years ended 31 December 2014 and the six months ended 30 June 2015 (the “**Accounts**”) as set out in Appendix I to this document;
 - (ii) falling on any member of our Group on or after 30 June 2015, unless the liability for taxation would not have arisen but for any act or omission of, or delay by, or transactions voluntarily effected by any member of our Group (whether alone or in conjunction with some other act, omission, delay or transaction, whenever occurring) without the prior written consent or agreement of any of the Indemnifiers, but excluding such act, omission, delay or transaction caused by the Group in the ordinary course of its business;
 - (iii) such taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law or the interpretation or practice thereof by the Inland Revenue Department of Hong Kong or any other relevant authority (whether in Hong Kong or any other part of the world) coming into force after the Effective Date or to the extent such taxation claim arises or is increased by an increase in rates of taxation after the Effective Date with retrospective effect; and
 - (iv) any provisions or reserve made for taxation in the Accounts which is finally established to be an over-provision or an excessive reserve provided that the amount of any such provision or reserve applied pursuant to the deed of indemnity to reduce the Indemnifiers’ liability in respect of taxation shall not be available in respect of any such liability arising thereafter; and

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (b) any costs, expenses, claims, liabilities, penalties, losses or damages incurred or suffered by any member of our Group in respect of any liability which might be payable by any member of our Group arising from any possible or alleged violation or non-compliance with the applicable laws, rules or regulations of Hong Kong on all matters.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of its subsidiaries in the Cayman Islands or the BVI or Hong Kong, being jurisdictions in which one or more of the companies comprising our Group were incorporated.

2. Litigation

Save as disclosed in the paragraphs headed “Business – Legal proceedings” in this document, neither our Company nor any of our subsidiaries is engaged in any litigation or claims of material importance and no litigation or claims of material importance is known to our Directors to be pending or threatened by or against our Company or any of our subsidiaries, that would have a material adverse effect on our Group’s results of operations or financial condition.

3. Sole Sponsor

The Sole Sponsor has made an application for and on behalf of our Company to the Stock Exchange for the [REDACTED] of, and permission to deal in, the Shares in issue and to be issued as mentioned in this document, including the [REDACTED] and any Shares which may fall to be allotted and issued pursuant to the Capitalisation Issue and the exercise of [the [REDACTED] and] any options which may be granted under the Share Option Scheme.

4. Compliance adviser

In accordance with the requirements of the GEM Listing Rules, our Company has appointed Octal Capital as compliance adviser to provide advisory services to our Company to ensure compliance with the GEM Listing Rules for a period commencing on the [REDACTED] Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the [REDACTED] Date or until the agreement is terminated, whichever is the earlier.

5. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately HK\$33,000 and are payable by our Company.

6. Promoter

Our Company has no promoter.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

7. Qualifications of experts

The qualifications of the experts who have given reports, letter or opinions (as the case may be) in this document are as follows:

Name	Qualification
Octal Capital	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants
TC & Co.	Legal advisers to our Company as to Hong Kong laws
Appleby	Legal advisers to our Company as to Cayman Islands laws
Euromonitor	Independent market research firm

8. Consents of experts

Each of the experts referred to above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its reports, letters, opinions or summaries thereof (as the case may be) and the references to its name included in this document in the form and context in which it respectively appears.

9. Sponsor’s fees

The Sole Sponsor will be paid by our Company a total fee of HK\$5.38 million to act as sponsor to our Company in connection with the [REDACTED].

10. Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penalty provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

11. Miscellaneous

- (a) Save as disclosed in this Appendix and the sections headed “History, Reorganisation and Corporate Structure” and “Underwriting” of this document, within the two years preceding the date of this document:

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (i) no share or loan capital of our Company or any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
 - (iii) no commission has been paid or payable (excluding commission payable to sub-underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares in our Company.
- (b) No share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.
- (c) No founder, management or deferred shares of our Company or any of our subsidiaries has been issued or agreed to be issued.
- (d) Our Directors confirm that, up to the date of this document, save as disclosed in "Summary – No material adverse change", there has been no material adverse change in the financial or trading position or prospects of our Group since 30 June 2015 (being the date to which the latest audited combined financial statements of our Group were made up), and there had been no event since 30 June 2015 which would materially affect the information as shown in the accountant's report.
- (e) There has not been any interruption in the business of our Group which has had a material adverse effect on the financial position of our Group in the 24 months preceding the date of this document.
- (f) None of Octal Capital, Deloitte Touche Tohmatsu, TC & Co., Appleby and Euromonitor:
- (i) is interested beneficially or non-beneficially in any shares in any member of our Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.
- (g) No company within our Group is presently listed on any stock exchange or traded on any trading system.
- (h) Our Company has no outstanding convertible debt securities.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (i) All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.
- (j) There are no arrangements under which future dividends are waived or agreed to be waived.

12. Bilingual document

The English language and the Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Taxation of holders of Shares

(a) *Hong Kong*

Dealings in Shares registered on our Company’s Hong Kong branch register of members will be subject to Hong Kong stamp duty.

Profits from dealings in Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) *Cayman Islands*

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) *Consultation with professional advisers*

Intending holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, our Directors or parties involved in the [REDACTED] accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

APPENDIX V

**DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION**

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were copies of the written consents referred to in the paragraph headed “E. Other information – 7. Qualifications of experts” in Appendix IV to this document and copies of the material contracts referred to in the paragraph headed “B. Further information about the business of our Group – 1. Summary of material contracts” in Appendix IV to this document.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of TC & Co. of Units 2201-2203, 22nd Floor, Tai Tung Building, 8 Fleming Road, Wan Chai, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this document:

1. the Memorandum and the Articles of Association;
2. the accountants’ report prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this document;
3. the statement of adjustments arriving at the figures in the Accountants’ Report set out in Appendix I to this document;
4. the independent reporting accountants’ assurance report prepared by Deloitte Touche Tohmatsu on the unaudited pro forma financial information of our Group, the text of which are set out in Appendix II to this document;
5. the legal opinion prepared by TC & Co., the legal advisers to our Company as to Hong Kong law, in respect of certain aspects of our Group;
6. the letter of advice prepared by Appleby summarising certain aspects of the Companies Law referred to in Appendix III to this document;
7. the Companies Law;
8. copies of material contracts referred to in the paragraph headed “B. Further information about the business of our Group – 1. Summary of material contracts” in Appendix IV to this document;
9. the service agreements and letters of appointment referred to in the paragraph headed “C. Further information about directors, management and staff – 1. Directors” in Appendix IV to this document;
10. the written consents referred to the paragraph headed “E. Other information – 7. Qualifications of experts” in Appendix IV to this document;
11. the Share Option Scheme; and
12. the Euromonitor Report.