



CHRISSWORLD

Unique Solutions – Winning Partnerships



PROSPECTUS

Initial Public Offer

Through an Offer for Subscription of Seven Million Five Hundred Thousand (7,500,000) Ordinary Voting Shares at LKR 7.50 per Share



Financial Advisor and Manager to the Offer and Sponsor



Chrissworld Limited

PROSPECTUS

Initial Public Offering

Offer for Subscription of Seven Million Five Hundred Thousand (7,500,000) Ordinary Voting Shares at LKR 7.50 per Share to raise a total sum of Sri Lankan Rupees Fifty Six Million Two Hundred and Fifty Thousand (LKR 56,250,000)

To be listed on the Empower Board of the Colombo Stock Exchange

Issue opens on 27th April 2021



Atarah Capital Partners (Private) Limited
Financial Advisor & Manager to the Offer and Sponsor

The shares offered under this Prospectus are to be listed on the 'Empower Board' under Alternate Market Segment of the Colombo Stock Exchange. Upon Listing, the Company will be bound by the Continuing Listing Requirements applicable for the Empower Board, incorporated under relevant sections of the CSE Listing Rules.

Therefore, prospective investors are advised to read and understand the manner in which such Rules will be applicable or consult a professional party for advice prior to investing in the shares offered under this Prospectus. Furthermore, if you are in doubt with regard to the contents of this document or if you require further clarification or advice, then you should consult your Stockbroker, Lawyer or any other Professional Advisor.

Investors are also advised to read Section 6.3.1 of this Prospectus with regard to a key change in approach to revenue recognition and significant financial indicators as disclosed therein, together with the Research Report prepared by the Financial Advisor and Manager to the Issue in order to make an informed investment decision.

In accordance with the requirements of the CSE listing Rules on entities seeking a listing on the Empower Board to obtain the services of a Sponsor approved by the CSE, Atarah Capital Partners (Pvt) Limited will act as the Sponsor for a period not less than the release of the second Annual Report of the Entity after listing.

The Colombo Stock Exchange ("CSE") has taken reasonable care to ensure full and fair disclosure of the information in this Prospectus. However, the CSE assumes no responsibility for the accuracy of the statements made, opinions expressed, or reports included in the Prospectus. Moreover, the CSE does not regulate the pricing of the shares, which is decided solely by the Company.

The delivery of this Prospectus shall not under any circumstance constitute a representation or create any implication or suggestion that there has been no material change in the affairs of the Company since the date of this Prospectus. If there is a material change, such material change will be disclosed to the market via an announcement.

Registration of the Prospectus

A copy of this Prospectus has been delivered to the Registrar General of Companies in Sri Lanka for registration in accordance with the provisions contained in the Companies Act No. 07 of 2007.

The following documents were also attached to the copy of the Prospectus delivered to the Registrar General of Companies.

- The written consent of the Financial Advisor & Manager to the Offer and Sponsor
The Financial Advisor & Manager to the Offer and Sponsor have given and have not withdrawn their written consent for the inclusion of their name as Financial Advisor & Manager to the Offer and Sponsor, and for the inclusion of their statements/declarations in the form in which they are included in the Prospectus before the delivery of a copy of the Prospectus for registration.
- The written consent of the Registrars to the Offer
The Registrars to the Offer have given and have not withdrawn their written consent for the inclusion of their name as Registrars to the Offer in the Prospectus before the delivery of a copy of the Prospectus for registration.
- The written consent of the Company Secretary
The Company Secretary has given and have not withdrawn their written consent for the inclusion of their name as Company Secretary in the Prospectus before the delivery of a copy of the Prospectus for registration.
- The written consent of the Auditors and Reporting Accountants to the Company and Offer
The Auditors and Reporting Accountants to the Company and the Offer have given and have not withdrawn their written consent for the inclusion of their name as Auditors and Reporting Accountants to the Company and to the Offer and for the inclusion of their report/statements in the form and context in which it is included in the Prospectus before the delivery of a copy of the Prospectus for registration.
- The written consent of the Lawyers to the Offer
The Lawyers to the Offer have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Lawyers to the Offer in the Prospectus before the delivery of a copy of the Prospectus for registration.
- The written consent of the Bankers to the Offer
The Bankers to the Offer have given and have not withdrawn their written consent for the inclusion of their names as Bankers to the Offer in the Prospectus before the delivery of a copy of the Prospectus for registration.

A declaration made by each of the Directors of the Company in terms of the Companies Act No. 07 of 2007 confirming that each of them have read the provisions of the Companies Act and the CSE Listing Rules relating to the issue of the Prospectus and that those provisions have been complied with.

Registration of the Prospectus in Jurisdictions Outside of Sri Lanka

This Prospectus has not been registered with any authority outside of Sri Lanka. Non-resident investors may be affected by the laws of the jurisdiction of their residence. Such investors are responsible to comply with the laws relevant to the country of residence and the laws of Sri Lanka, when investing.

Responsibility for the content of this Prospectus

This Prospectus has been prepared from information provided by the Board of Directors of Chrissworld Limited (hereinafter referred to as “Chrissworld”, “CWL” or “the Company”) and its Directors and/or from publicly available sources. The Company and its Directors having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material respects and that there are no other material facts, the omission of which would make any statement herein misleading.

Where representations regarding the future performance of the Company have been given in this Prospectus, such representations have been made after a due and careful enquiry of the information available to the Company and making assumptions that are considered to be reasonable at the present point in time in their best judgment.

The Company accepts responsibility for the information contained in this Prospectus. While the Company has taken reasonable care to ensure full and fair disclosure of information, prospective applicants are advised to carefully read this Prospectus and rely on their own examination and assessment of the Company including the risks involved prior to making any investment decision.

Representations

No person is authorized to give any information or make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the Company.

Forward Looking Statements

Any statements included in this Prospectus that are not statements of historical fact constitute “Forward Looking Statements”. These can be identified by the use of forward looking terms such as “expect”, “anticipate”, “intend”, “may”, “plan to”, “believe”, “could” and other similar terms or variations of such terms. However, these words are not the exclusive means of identifying Forward Looking Statements. As such, all statements pertaining to expected financial position, business strategy, plans and prospects of the Company are classified as Forward Looking Statements.

Such Forward Looking Statements involve known and unknown risks, uncertainties and other factors including but not limited to regulatory changes in the sectors in which the Company operates and its ability to respond to them, the Company’s ability to successfully adapt to technological changes, exposure to market risks, general economic and fiscal policies of Sri Lanka, inflationary pressures, the performance of financial markets both globally and locally, changes in domestic and foreign laws, regulation of taxes and changes in competition in the industry; and further uncertainties that may or may not be in the control of the Company.

Such factors may cause actual results, performance and achievements to materially differ from any future results; and changes to performance or achievements expressed or implied by Forward Looking Statements contained herein. Forward Looking Statements are also based on numerous assumptions regarding the

Company's present and future business strategies and the environment in which the Company will operate in the future.

Given the risks and uncertainties that may cause the Company's actual future results, performance or achievements to materially differ from that expected, expressed or implied by Forward Looking Statements in this Prospectus, investors are advised not to place sole reliance on such statements.

Investment Considerations

It is important that this Prospectus is read carefully prior to making an investment decision. For information concerning certain risk factors, which should be considered by prospective applicants, refer to "Investment Considerations and Associated Risk Factors" in Section 11 of this Prospectus.

Presentation of Currency Information and Other Numerical Data

The financial statements of the Company and currency values of economic data or industry data in a local context will be expressed in Sri Lanka Rupees. References in the Prospectus to "LKR", "Rupees", and "Rs." are references to the lawful currency of Sri Lanka. Reference to "USD" is with reference to United States Dollars, the official currency of the United States of America.

Certain numerical figures in the Prospectus have been subject to rounding adjustments; accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Presentation of Macroeconomic and Industry Data

Economic and industry data used throughout this Prospectus are derived from the Central Bank of Sri Lanka and various other industry data sources, which the Company/ Financial Advisor & Manager to the Offer and Sponsor believe to be reliable, however the accuracy and completeness of that information is not guaranteed. Similarly, industry surveys and other publications, whilst believed to be reliable, have not been independently verified and neither the Company nor the Managers to the Offer make any representation as to the accuracy of such information.

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1.0 ISSUE AT A GLANCE

Company	Chrissworld Limited
Number of Ordinary Voting Shares to be issued	Seven Million Five Hundred Thousand (7,500,000)
Share Issue price	LKR 7.50 per share
Amount to be Raised	Maximum of Sri Lankan Rupees Fifty Six Million Two Hundred and Fifty Thousand (LKR 56,250,000)
Minimum Subscription	Minimum of 100 Ordinary Voting Shares at the Issue Price of LKR 7.50 per share amounting to LKR 750.00 per application Applications in excess of the minimum subscription should be in multiples of 100 shares
Issue Opening Date	27 th April 2021
Issue Closing Date	17 th May 2021
Earliest Issue Closing Date	27 th April 2021
CSE Listing	To be listed on the Empower Board of the CSE, subject to compliance with the CSE Listing Rules and SEC Directives (as applicable)

2.0 CORPORATE INFORMATION

Company	Chrissworld Limited
Registered Office	120/11C, Vidya Mawatha, Colombo 07 Tel: +94 11 7820100 Fax: +94 11 7820101
Date, Place and Authority of Incorporation	Incorporated as a Private Limited Liability company on 26 th June 2013 under the Companies Act No. 07 of 2007 in Colombo. The Company has changed its status to a Limited Liability Company on 8 th January 2021 in terms of Companies Act No. 7 of 2007.
Company Registration Number	PV 93260 PB
Board of Directors	Mr. Christopher A. M. Perera - Chairman, Executive Director Mr. S. A. D. Niranjana Suraj - Managing Director/ Chief Executive Officer Mr. Sithira Wickramasekera – Senior Executive Director Mr. Shanaka Lansakara- Executive Director Mr. D. Dilan L. Nanayakkara – Non-Executive Non-Independent Director Mr. Melanga A. Doolwala – Non-Executive Independent Director Mr. Rohan Ladduwahetty - Non-Executive Independent Director
Company Secretary	Ms. F. Shama Ismail – Mohamed, Attorney at Law and Registered Company Secretary - SEC 1025/93 168/5, Elvitigala Mawatha Colombo 08 Tel: +94 11 2695009
Auditors to the Company	Dinitway Partners, Chartered Accountants 7 1/2, Devanampiyathissa Mawatha Colombo 10 Tel: 011 2670 515
Bankers to the Company	Sampath Bank PLC No. 10, Sir James Pieris Mawatha Colombo 02 Tel: +94 11 2303050 Fax: +94 11 2303057

3.0 RELEVANT PARTIES TO THE OFFER

Financial Advisor and Manager to the Offer and Sponsor	<p>Atarah Capital Partners (Private) Limited</p> <p>Principal place of business: #656, 6th floor, Jana Jaya City Rajagiriya Tel/ Fax: 0112877775 Web: www.atarahcapital.com</p>
Lawyers to the Offer	<p>Ms. F. Shama Ismail - Mohamed, Attorney at Law and Registered Company Secretary - SEC 1025/93</p> <p>168/5, Elvitigala Mawatha Colombo 08</p> <p>Tel: +94 11 2695009</p>
Registrars to the Offer	<p>Central Depository Systems (Pvt) Limited 341/5, Ground Floor, M&M Center Kotte Road, Rajagiriya</p> <p>Tel: +94 11 2356456 +94 11 7420400 Fax: +94 11 2440396</p>
Auditors and Reporting Accountants to the Offer	<p>Dinitway Partners, Chartered Accountants 7 1/2, Devanampiyathissa Mawatha Colombo 10</p> <p>Tel: 011 2670515</p>
Bankers to the Offer	<p>Commercial Bank of Ceylon PLC Investment Banking Unit First Floor, City Office Building No. 98, York Street Colombo 01</p> <p>Tel: +94 11 2486494/6 Fax: +94 11 2335385</p>

4.0 DEFINITIONS AND INTERPRETATIONS

“3PL”	Third Party Logistics
“Applicant/s”	Any person who submits an Application Form under this Prospectus
“Application Form”, “Application”	The Application Form that constitutes part of this Prospectus through which Applicants may apply for the Shares on Offer
“Articles of Association”	Articles of Association of Chrissworld Limited
“Auditors and Reporting Accountants to the Company”	Dinitway Partners, Chartered Accountants
“AWPLR”	Last quoted Average Weighted Prime Lending Rate published by the Central Bank of Sri Lanka
“Bn”	Billion
“CAGR”	Compound Annual Growth Rate
“CBSL”	Central Bank of Sri Lanka
“CDS”	Central Depository Systems (Private) Limited
“CEFTS”	Common Electronic Fund Transfer Switch
“CILT”	Chartered Institute of Logistics and Transport
“CLG”, “Chrisslogix”	Chrisslogix (Pvt) Limited
“Companies Act”	Companies Act No. 07 of 2007
“CSE”	Colombo Stock Exchange
“CWL” or “the Company”	Chrissworld Limited
“Directors”	The Directors for the time being of the Company, unless otherwise stated
“EPS”	Earnings Per Share
“ESC”	Economic Service Charge
“FY”	Financial Year
“GDP”	Gross Domestic Product
“GICS”	Global Industry Classification Standards
“IPO”	Initial Public Offering
“Issue”, “Offering”, “Offer”	An invitation to the public by the Company to subscribe for the offered shares via an Offer for Subscription as detailed in this Prospectus
“LKR”, “Rs.”, “Rupees”	Sri Lankan Rupees
“Listing Rules”	Listing Rules of the Colombo Stock Exchange in effect from time to time
“Local Time”	Sri Lanka Time
“Market Day”	Any day on which the CSE is open for trading
“Mn”	Million
“NAV”/ “NAVPS”	Net Asset Value/ Net Asset Value Per Share
“NBT”	Nation Building Tax
“NIC”	National Identity Card
“NVOCC”	Non-Vessel Operating Common Carrier
“Offered Shares”	Seven Million Five Hundred Thousand (7,500,000) Ordinary Voting Shares offered to the public at the Share Offer Price, by the Company
“Offer Closing Date”, “Closure Date”	The date of closure of the subscription list as set out in Section 5.11 of this Prospectus
“Opening Date”, “Offer Opening Date”	The date of opening of the subscription list as set out in Section 5.11 of this Prospectus

“Issued and Paid up Ordinary Shares”, “Ordinary Voting Shares”, “Existing Ordinary Voting Shares”	Ordinary shares of the Company, with the right to one vote on a poll at a meeting of the Company on any resolution, the right to an equal share in dividends paid by the Company and the right to an equal share in the distribution of the surplus assets of the Company in liquidation
“P/ BV”	Price to Book Value Ratio
“P/E”	Price Earnings Ratio
“POA”	Power of Attorney
“Prospectus”	This Prospectus dated 30 th March 2021 issued by the Company
“ROA”	Return on Assets
“ROE”	Return on Equity
“Shares”	Ordinary Voting Shares
“SEC”	Securities and Exchange Commission of Sri Lanka
“Share Offer Price”	The price at which the New Ordinary Voting Shares will be offered to the public, as detailed in this Prospectus Share Offer price of LKR 7.50 per Ordinary Voting Share
“LKAS”, “SLFRS”	Sri Lanka Accounting Standards
“SL”	Sri Lanka
“SME”	Small and Medium Enterprise
“The Board”, “The Board of Directors”	The Board of Directors of Chrissworld Limited
“TTM”	Trailing Twelve Months
“UK”	United Kingdom
“USD”	United States Dollars
“VAT”	Value Added Tax
“WHT”	Withholding Tax

5.0 DETAILS OF THE OFFER

5.1 The Offer

The Offer contemplated herein shall constitute an invitation made to the general public to subscribe for Seven Million Five hundred Thousand (7,500,000) new Ordinary Voting Shares offered at the issue price of LKR 7.50 per share through an Offer for Subscription. The Offered Shares amount to 25% of the total number of shares of the Company after the Offer.

The Company has obtained the approval of the existing shareholders for the issue and listing of the Ordinary Voting Shares.

5.2 Nature of the Shares on Offer

From the date of allotment, the New Ordinary Voting Shares shall rank equal and *pari passu* in all respects with the existing Ordinary Voting Shares of the Company and each New Share shall confer on the holder the right to one vote on a poll at a meeting of the Company on any resolution, the right to an equal share in any dividend that may be paid by the Company and the right to an equal share in the distribution of the surplus assets of the Company in any liquidation

5.3 Size of the Offer

If fully subscribed, the issue would raise a sum of Sri Lankan Rupees Fifty Six Million Two Hundred and Fifty Thousand (LKR 56,250,000)

5.4 Share Issue Price

The Share issue price is LKR 7.50 per share.

The Share issue price of LKR 7.50 has been decided by the Company in consultation with the Manager to the Offer. The Board of Directors has resolved that the offer price is fair and reasonable to the Company and to existing shareholders of the Company.

Share issue price is with a discount of 13.5% to the value per share derived by the Managers to the Issue on the basis of their Research Report. The said discount is given to provide an upside to the potential investors who would subscribe for shares in the IPO, with a view to make the offer more attractive.

The adjusted EPS* as at 31st March 2020 (audited) is LKR 0.92 and the P/E is 8.15 times based on the offer price.

The adjusted Net Assets Value per Share* as of 31st March 2020 (audited) was LKR 0.52 and the said offer price is 14.42 times the NAVPS.

The Net Assets Value per Share as of 31st January 2021 (un-audited) was LKR 0.87 and the said offer price is 8.62 times the NAVPS.

**NAVPS/EPS is adjusted to reflect the effect of the share split carried out on 15th August 2020.*

Please refer Section 5.6 of this Prospectus in respect of the basis for Share Offer Price.

5.5 Objectives of the Issue

The funds to be raised through the initial public offer will be deployed for the following objectives.

No	Purpose	Estimated cost/ amount (LKR)	Allocation from IPO funds (LKR)	Estimated Timeline to complete the Objective	Regulatory Approvals
1	Installation of racking system	15,000,000	15,000,000	31 st August 2021	N/A
2	Purchase of machinery for warehouse operations	6,000,000	6,000,000	30 th June 2021	N/A
3	Purchase of movable racks	6,500,000	6,500,000	31 st August 2021	N/A
4	Purchase of a new Warehouse Management System (WMS) software	2,500,000	2,500,000	Immediately upon conclusion of the IPO	N/A
5	Part settlement of borrowings	9,633,785	9,633,785	Immediately upon conclusion of the IPO	N/A
6	Future Working Capital requirements	14,216,215	14,216,215	31 st July 2021	N/A
7	Settlement of IPO expenses	2,400,000	2,400,000	Immediately upon conclusion of the IPO	N/A
Total		56,250,000	56,250,000		

5.5.1 Installation of a Racking System

The Company is planning to install a permanent racking system with approximately 2,000+ pallet positions at selected warehouses. For this purpose, the Company will require a total sum of LKR 15 Mn (approximate) which will be allocated from the IPO proceeds. Choice of warehouses for installation of racks would be made based on an assessment of likely demand for such facilities at each location considering the client inquiries of the one year period prior to 31st March 2021.

Installations of racking facilities provide the opportunity to use the vertical height of the warehouse, increasing the storage capacity as opposed to only storing goods on the ground. Moreover, this will enable the Company to better serve existing customers, as well as securing new clients who demand such type of storage for their goods. Cargo that needs to be stored away from moisture such as pharmaceuticals, food, fabric etc. will have the demand for racking facilities. As such, the benefits for the Company are twofold, where it would be able to expand the clientele and earn additional revenues from enhanced storage capacity, once racking facilities are available for use by end of August 2021.

Such racking facilities will also contribute to ease of housekeeping. Additional revenue from storage on racking would depend on the nature and volume of the cargo to be stored once racks are installed.

Estimation of the total cost is based on market rates available with suppliers at present, obtained via quotations. Finalization of a supplier is subject to obtaining final quotations and the prices offered prior to the planned dates of installation of the racks.

5.5.2 Purchase of Machinery for Warehouse Operations

With the installation of the new racking facility, the Company will be in need of additional machinery to handle the cargo stored therein. For this purpose, CWL is planning to purchase a Battery powered forklift and a powered pallet truck, both are estimated to cost approximately LKR 6 Mn. The proceeds allocated would be utilized by end of June 2021 to order these machinery, and to be available once the racking system is ready by end of August 2021.

By the purchase of such machinery, CWL will be able to reduce hire charges incurred at present on renting these machinery from third parties. Usage of battery powered fork-lift and powered pallet truck is also an environmentally friendly measure as it avoids carbon emissions.

Costs of the machinery have been determined as per the current market prices of similar machinery.

5.5.3 Purchase of Movable Racks

Moveable racks or Nestainers are also used for storage of goods that require racking storage. The benefits of these types of racks are such that they save the space of the warehouse since these racks can be kept aside when not used for storage. These racks provide the flexibility to use the floor area effectively and serve different types of cargo.

It is expected that approximately 200 Nestainers will be purchased within the allocated amount of funds. Investment for this purpose will generate monetary benefits in the form of storage income depending on the volumes to be stored while increasing the effectiveness of warehouse space utilization.

Movable racks such as Nestainers are better suited for the Company's business model, in a situation where a need arises to move the racks to an alternative warehouse.

Estimation of the total cost is based on market rates available with suppliers at present, obtained via quotations.

5.5.4 Purchase of a new Warehouse Management System (WMS) Software

Use of Information Technology in the logistics industry is becoming highly popular, which is a new development experienced by the service providers. In warehousing, the companies are also investing in advanced and complex systems to maintain the records of goods stored, monitor cargo movements, efficient inventory counting processes, transport management and even to provide information to their clients to support the procurement process.

Identifying the importance of using an advanced WMS, the Company has decided to allocate LKR 2.5 Mn out of the IPO proceeds to purchase a new WMS. Use of such an advanced system will increase the efficiency of operations by allowing easy monitoring of inventories and fast handling. Furthermore, the Company would be able to provide accurate and up-to-date information to its clients enabling them to plan for accurate procurement of stocks.

CWL has already identified a vendor that provides these types of systems and the cost is identified based on the price quoted by the captioned vendor.

5.5.5 Part Settlement of Borrowings

Due to the expansions in operations in the recent past, the Company has used different types of borrowings, mainly for warehouse rent deposits and to finance operational expenses. Details of borrowings obtained for the aforesaid requirements which are outstanding as of 31st January 2021 are as follows:

Lender/ Party	Amount Borrowed/ Facility Limit (LKR)	Outstanding Amount (LKR)*	Terms of the Loan
Sampath Bank PLC	10,000,000	6,710,451	5 years loan with interest of 10.5% p.a.
Loans due to Director – Mr. S.A.D. Niranjana Suraj	10,000,000	9,633,785	On demand with interest of 12.5% p.a.
Bank Overdraft (O/D) – Sampath Bank PLC	O/D limit of LKR 10,000,000	14,371,164	Revolving facility with interest of 10% p.a. & 15% p.a. overlimit
Total		30,715,400	

*Based on unaudited financials of 31st January 2021

The loan due to a director (original amount LKR 10 Mn) has been granted to the Company in FY 2019/20 via a bank borrowing made by the said director pledging his personal properties. The loan has been granted to be repaid on demand basis, pursuant to a request of the Company and to satisfy the immediate funding requirements for working capital, at a time where no assets were available to be pledged by the Company.

Given the fact that there are cheaper borrowing options available at current market rates of interest, and to reduce the interest burden on the income statement, the Company expects to settle this loan using part of the IPO funds i.e. approximately 17% of the total proceeds. Moreover, this loan carries a higher interest rate compared to other substantial borrowings of the Company, thus once the settlement is made, approximately LKR 100,000 of interest would be saved per month.

The aforesaid debt settlement amounts to a related party transaction, thus it has been reviewed by the Related Party Transactions Review Committee and recommended for settlement and the Company has also complied with Section 9 of CSE Listing Rules in this regard. After settlement of the aforesaid facility, the Board of Directors believe that as a good governance practice in the future, it is prudent to minimize the dependency for funds from related parties.

5.5.6 Future Working Capital Requirements

An amount of LKR 14.2 Mn will be allocated as a buffer for future working capital requirements of the Company, either to be used for deposits to rent new warehouses, operational expenses to facilitate new client requirements, or to be utilized for activities such as freight brokering when business opportunities are available. It is challenging to precisely indicate the pattern of using funds, though CWL reasonably expects the captioned amount to be utilized by end July 2021. The amount of returns would be known only upon a particular option being selected to deploy the funds; hence the same cannot be quantified at present.

It is the nature of the 3PL business that there will be additional capital requirements when a new client is secured, either in the form of renting a new warehouse premises or deploying additional resources such as

machinery, WMS modifications, man power etc. to carry out new operations. Therefore, it is the intention of the Company to create a cash buffer so that such funds can be utilized for identified purposes without resorting to borrowings.

Further, as a means of diversifying the revenue streams, CWL will explore opportunities to engage in other logistic industry related activities where freight brokering is one such segment. The Company has already commenced involvement in this category of transactions depending on the availability of funds. It is the expectation of CWL to partner with suitable parties and expand such activities in the future to generate additional revenues. It will provide the opportunity for CWL to optimize the returns whilst business risks are diversified. Income will be generated in the form of a brokerage/ commission for the resources deployed by the Company.

The reason to identify above two broader areas is to gain the flexibility to deploy funds for the most suitable purpose that provides a better return for the Company. CWL will make relevant disclosures in future financial statements pertaining to the utilization of LKR 14.2 Mn allocated for this purpose, together with other objectives in the manner prescribed in section 5.5.9 of this Prospectus.

Monthly working capital requirement for current operations ranges between LKR 10 Mn – LKR 15 Mn based on the management's estimates and the captioned was approximately LKR 10 Mn based on interim financials of 31st January 2021. However, IPO funds will not be utilized for working capital requirements of ongoing operations and such requirements will be satisfied using internal cash flows/ bank overdrafts as the case may be.

In the event above working capital related transactions are carried out with a related party to the Company, such transactions will be reviewed by the Related Party Transactions Review Committee and due process will be followed in compliance with Section 9 of the CSE Listing Rules.

5.5.7 Settlement of IPO Expenses

IPO related expenses are direct costs relating to capital raising, hence will be settled out of the proceeds of the IPO. This will be made immediately upon conclusion of the IPO. The total estimated cost can be identified in three broader elements, the initial listing fee to CSE, payments to relevant parties to the issue and other costs such as advertising, marketing etc. Refer Section 5.8 of this Prospectus for types of costs applicable for the IPO.

5.5.8 Benefits to the investors/ shareholders resulting from IPO objectives

The benefits accruing to the Company from IPO objectives are twofold i.e. quantitative benefits and qualitative benefits as disclosed under each objective in the preceding paragraphs (as applicable). Such benefits would have a positive impact on the financial performances where current/ prospective shareholders may enjoy such benefits by way of an improvement to the equity value as reflected in the financial forecasts (refer Research Report for details).

Most of the quantitative benefits are associated with the installation of racking facilities and purchase of moveable racks that enables the Company to earn additional revenues in the future. It is expected that a 'foot-print' (identified as a specific square area on the floor) will generate an additional revenue of approximately 30% using the vertical height in the floor area on which racks are installed. Use of fixed/ movable racks and purchase of machinery for warehouse operations will improve the cargo handling efficiency, ease of maintenance and save machinery hiring charges etc. from a cost management perspective where the forecasted gross profit margins reflect reasonable improvements [e.g. gross margin of FY 2021/22 (f) is 38%, which surpasses the same in FY 2019/20 (33%) and 2020/21 (27%)].

Furthermore, as discussed under Section 5.5.5, there will be interest savings from partial settlement of loans whilst the funds allocated as a buffer for future working capital would also reduce the dependency on bank financing leading to a manageable interest cost.

Above mentioned quantitative and qualitative benefits would be the factors that create value for shareholders where earnings and net assets values are expected to improve provided that CWL is able to achieve the desired level of performances.

5.5.9 Other disclosures relating to the objectives

In respect of objectives 1 to 4 above, there are no relationships between the Company and suppliers of materials, machinery, equipment and systems other than business relationships in the ordinary course of business.

Use of funds during the interim period until objectives are completed

From the funds raised via the IPO, the funds utilized for debt settlements, purchase of a new WMS and settlement of the IPO expenses are immediate, whereas funds allocated for other objectives will be invested in fixed deposits in local banks or in Unit Trusts until the same is fully utilized for each identified purpose. Investments will be made at market rates prevailing at the time of such investment. At present, the rates vary from 4% - 7% on average. The Company will choose an appropriate investment option i.e. fixed deposits or Unit Trusts depending on the returns available from time to time.

Specific Risks associated with the objectives and proposed timelines

At present, the Company is not aware of any specific risks that could lead to non-achievement of the IPO objectives identified above. As these activities are part of the ordinary course of business, it is the opinion of the management that the Company will be able to fulfil these objectives, however, subject to the following:

- a) In respect of objectives 1,2 and 3 above, there could be cost escalations at the time of purchase of materials, equipment/ machinery etc. from the suppliers. Such cost increases (if any) would be bridged using bank borrowings or internally generated funds as required.
- b) There could be delays in completing the objectives 1,2,3 and 4 above, that may be caused due to delays from suppliers, in particular due to the prevailing COVID – 19 pandemic. In respect of objective number 6, there may be delays in finding an appropriate opportunity such as securing a new business to deploy the working capital funds. However, CWL will continue to complete these tasks even with such delays (if any) in order to achieve the desired benefits as more fully described under the objectives in preceding sections. In the event of such delays, funds allocated will continue to remain in Fixed Deposits or Unit Trusts until fully utilized.

Refer paragraph 4 of Section 5.10 of this Prospectus for information pertaining to use of funds in the event of an undersubscription of the Offer.

Disclosure in future financial statements with regard to the utilization of IPO proceeds

The Company undertakes to disclose the progress of the utilization of proceeds in the format outlined below, in all of their future interim/ supplementary financial statements and annual reports, until funds are fully utilized for the respective objectives stated in the Prospectus.

Continuous Disclosure regarding status of utilization of funds raised via IPO

IPO proceeds utilization as at (dd-mm-yyyy)

Objective number	Objective as per Prospectus	Amount allocated as per prospectus in LKR	Proposed date of utilization	Amount allocated in LKR (A)	% of total proceeds	Amount utilized in LKR (B)	% of Utilized against allocation (B/A)	Clarification if not fully utilized including where are the funds invested (e.g. whether lent to related party/s etc.).

As per Rule 7.6 (xiii) of the CSE Listing Rules, in the event the funds raised through this IPO are fully utilized in terms of the objectives disclosed in the prospectus between two financial periods, the Company undertakes to disclose the fact that proceeds have been utilized in its entirety as per the above template in the immediate succeeding Financial Statement (i.e. either interim/ supplementary financial statements or annual report), whichever is published first.

Process to be followed in the event of a deviation from IPO objectives

In the event the Company deviates from one or more of the objectives set out in this Prospectus due to unforeseen circumstances, the Company undertakes to first make an immediate market announcement with regard to such change and thereafter will seek the prior approval of the shareholders to use the funds allocated for such objective/s for a different purpose. It should be noted that no shareholder approval would be sought in the event of a change in set timelines.

5.6 Basis for Share Issue Price

The investors should read the following summary with the risk factors included under Section 11 of this Prospectus and the details of the Company and its financial statements included in this Prospectus.

5.6.1 Quantitative Factors

The following quantitative aspects were also taken into consideration when arriving at the Offer price;

Earnings per Share (EPS) and Return on Equity (ROE)

For the Period Ended	Basic EPS (LKR)	Diluted EPS (LKR) *	ROE (%)	P/E (times)**
March 31, 2019 – Audited	(0.45)	(0.45)	N/A	N/A
March 31, 2020 – Audited	0.92	0.92	176%	8.15
Interim financial statements (unaudited) for the period ended 31 st January 2021 (not annualized)	0.35	0.35	50.03%	21.43

**The Company does not have any dilutive shares/ securities in issue as at the date of this Prospectus.*

*** P/E is based on offer price of LKR 7.50 per share*

Formulas used in the calculations are as follows:

$$\text{Earnings per share} = \frac{\text{Net profit attributable to equity shareholders}}{\text{Weighted Average number of shares outstanding during the year/period}}$$

$$\text{Return on Equity (\%)} = \frac{\text{Net profit after tax}}{\text{Net Assets as at the end of the year / period}}$$

Price/ Earnings Ratio (P/E) in relation to the Share Offer Price of LKR 7.50

- Based on audited financial statements of financial year 31st March 2020 and based on EPS of LKR 0.92* is 8.15 times
- Based on average EPS of LKR 0.24* for the last 2 financial years is 31.25 times
- 'Capital Goods' Industry Sector P/E 25.02 – as published in CSE daily market report as at 25th February 2021
- The P/E range of the industry peers** is as given below;

	Name of the Company	P/E
Highest	Office Equipment PLC	51.05
Lowest	The Colombo Fort Land & Building PLC	2.91

* EPS adjusted for sub-division of shares in the proportion of 1:10

** Considering all the companies under Capital Goods Sector of the CSE - as per closing prices published by CSE as at 25th February 2021 and earnings of TTM preceding 31st December 2020 as disclosed in published interim financial statements. Negative P/Es have not been considered in the industry P/E range.

Net Assets Value (NAV) and Price to Book Value (P/BV)

The P/BV in relation to the Share Offer Price of LKR 7.50 is:

- Based on the NAV per share for the financial year ended 31st March 2020 (Audited) of LKR 0.52*, the PBV is 14.42 times.
- Based on the NAV per share for the period ended 31st January 2021 (unaudited) of LKR 0.87, the PBV is 8.62 times.
- Post IPO NAV per share based on NAV of 31st January 2021 (unaudited) adjusted to include IPO proceeds is LKR 2.45, and Number of Shares in Issue assuming the full subscription of the Shares via the IPO P/BV is 3.06 times.
- The P/BV range of the industry** peers is as given below;

	Name of the Company	P/ BV
Highest	E.B. Creasy & Company PLC	2.39
Lowest	Renuka Holdings PLC	0.19

* NAVPS adjusted for sub-division of shares in the proportion of 1:10

** Considering all the companies under Capital Goods Sector of the CSE - as per closing prices published by CSE as at 25th February 2021 and Net Assets Value based on the published interim financial statements for the period ended 31st December 2020. Negative P/BVs have not been considered in the industry P/BV range.

Peer Entity accounting ratios

Given the nature of the operations of the Company (3PL service provider) and at the present scale of operations of CWL, there are no comparable listed entities in the industry sector that the Company is likely to be classified in the CSE (i.e. Capital Goods Industry Sector as per GICS).

5.6.2 Qualitative Factors

Following qualitative factors were considered when determining the issue price:

- a) Strategic locations of the warehouses that provide convenient access to Colombo Port and to the Airport which is critical for clients that engages in export and import activities.
- b) Vast industry experience demonstrated by the top management to continuously attract new businesses in order to sustain the growth momentum.
- c) Growth expectations of the industry in the long run despite temporary disruption caused by COVID-19 pandemic.

5.7 Listing

The shares will be listed on the Empower Board in the Alternate Market segment of the CSE.

The Offer herein contemplated comprises of Seven Million Five Hundred Thousand (7,500,000) Ordinary Voting Shares of the Company at an issue price of LKR 7.50 per share. Assuming a full subscription of the said offer, listing is sought for Thirty Million (30,000,000) Ordinary Voting Shares being the entirety of the shares represented in the Stated Capital subsequent to the Offer. If fully subscribed, shares offered will amount to 25% of the Issued and Paid-up Ordinary Voting Shares of the Company post-IPO.

An Application has been made to the CSE for permission to deal in and for a listing of Thirty Million (30,000,000) Ordinary Voting Shares of the Company as detailed in the preceding paragraph. Approval in-principle has been granted by the CSE for a listing of such shares subject to CWL being compliant with all applicable Listing Rules at the time of listing.

However, the CSE reserves the right to withdraw such approval, in the circumstances set out in Rule 2.3 of the Listing Rules of the CSE.

At present, the Stated Capital of the Company is LKR 22,500,000 and in order to be eligible for a listing on the Empower Board, CWL should satisfy the minimum Stated Capital requirement of LKR 25,000,000 at the time of listing. As such, a minimum of LKR 2,500,000 is required to be raised from the Offer. Therefore, in the event the Company is not being able to satisfy this requirement post-IPO, entirety of funds received in respect of offered shares will be duly returned to the subscribers without an allotment of shares and CWL will not be listed on the Empower Board of the CSE.

The Company is already in compliance with all other eligibility criteria applicable for a listing on the Empower Board of the Alternate Market Segment of the CSE as stipulated in Section 2.1.3 (i) of the CSE Listing Rules.

5.8 Cost of the Issue

The total costs associated with the Issue are estimated to be approximately LKR 2.4 Mn. This amount include all direct costs and expenses associated with the Issue, inclusive of but not limited to the initial listing fees to CSE, fees to the Manager to the Issue/ Sponsor, fees for the Registrar and Bankers to the issue, certain legal,

consultancy and accountancy fees, advertising and promotional costs and brokerage commissions. Total estimated cost is approximately 4.29% of the IPO proceeds.

5.9 Brokerage

Brokerage at the rate of 0.5% of the value of shares offered under this Prospectus will be paid in respect of the value of shares allotted on applications bearing the stamp of any member and trading member of the CSE and any party identified by the Company or Managers to the Issue.

5.10 Minimum Subscription and Underwriting

No underwriting agreement has been entered by the Company for the offer of shares under this prospectus.

As detailed in paragraph 5 of Section 5.7 of this Prospectus, the Company is required to receive applications to a minimum value of LKR 2,500,000 in order to satisfy the minimum Stated Capital requirement to be listed on the Empower Board. Therefore, subject to satisfying the same, CWL will seek a listing even if there is an under subscription of the Offer.

In the event of an under subscription, the proceeds will be utilized to the extent of the subscription, proportionately for each objective given under section 5.5 of this Prospectus. Any shortfall will be financed through debt funding or via internally generated funds as the case may be.

5.11 Opening of the Subscription List and Closure date

The Subscription List for the Shares offered will open at 9.00 a.m. on 27th April 2021 and shall remain open for fourteen (14) Market Days (including the date of opening) until the closure at 4.30 p.m. on 17th May 2021 ("Offer Period"), unless the issue is closed on an earlier date as described below:

- a) In the event the offer is fully subscribed/ oversubscribed on a particular date, the subscription list shall be closed at 4.30 p.m. on such date with immediate notification to the CSE.
- b) In the event the Board of Directors of the Company decides to close the issue prior to the closure date or prior to full subscription, such fact will be notified to the CSE on the date of such decision is made and the subscription list shall be closed on the following market day.

5.12 Inspection of Documents

The Articles of Association, Auditor's Reports and Audited Financial Statements for the five (05) financial years ended 31st March 2020, Interim Financial Statements for the period ended 31st January 2021 of the Company, material contracts and management agreements and all other relevant documents, will be made available for inspection by the public during normal working hours at the Registered Office of the Company, 120/ 11C, Vidya Mawatha Colombo 07 for a period not less than fourteen (14) days as per Rule 3.1.20 (a) of the CSE Listing Rules.

The Prospectus, Application Form and the Articles of Association of the Company will be hosted in the Company's website (www.chrissworld.com) and the Colombo Stock Exchange's web site (www.cse.lk) for a period of not less than fourteen (14) days.

The Research report prepared by the Managers to the Offer will be hosted on the Company's website (www.chrissworld.com) and the Colombo Stock Exchange's web site (www.cse.lk) for a period of 2 months commencing from the date of the issuance of the Prospectus

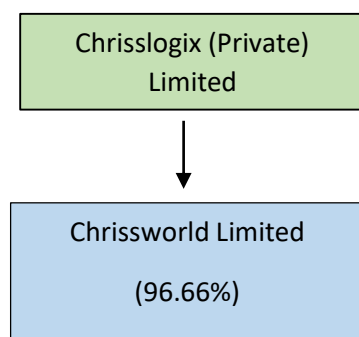
6.0 THE COMPANY

6.1 Overview

Chrissworld Limited is engaged in the provision of Third-party logistics (3PL) services. Over the years, the Company has provided its professional services primarily in warehousing, inventory management, distribution/ transportation and value-added services to corporate clients in different industry verticals, as well as to individuals that require such services.

6.2 Group Structure

The parent Company of CWL is Chrisslogix (Private) Limited, which currently holds 96.66% of ordinary voting shares of the Company. The Group Structure is as follows:



Shareholders of Chrisslogix (Pvt) Limited are Mr. Christopher A.M. Perera, Mr. Sithira Wickramasekera and Mr. S.A.D. Niranjana Suraj and Mr. Laksiri Nonis. Chriss group also consists of a company in the leisure sector namely Chrissleisure (Private) Limited. As of the date of this Prospectus, shareholders of this company are individual shareholders and neither Chrisslogix nor Chrissworld hold shares in Chrissleisure (Pvt) Limited.

The warehousing business has been initially under the parent company and upon incorporation of CWL, in 2017 the warehousing related 3PL business has been fully transferred to enable the Company to act as the warehousing arm of the group whilst Chrisslogix operates in the space of freight forwarding and clearing activities. At present, CWL provides specialized 3PL services in the space of warehouse management at competitive rates whilst gradually expanding its clientele (please refer Section 6.3 of this Prospectus for business operations carried out by CWL).

6.3 Business operations

As per the business model adopted by CWL, in order to maintain a lean asset base the Company's operations are carried out using rented warehouses. Generally, the rent agreements are signed for a period of 2 years with a provision to renew thereafter. In the event the Company or the landlord requires termination of the agreement, 3 months prior notice is required, leaving either party with adequate time to seek alternative locations/ tenants as the case may be.

Based on the nature of the services of the Company, the main functions can be identified under below segments:

- 1) Inventory Storage – clients are provided with storage facilities only
- 2) Contract Logistics services for cargo – comprehensive service range of storage, handling, distribution and Value-added-services are provided to clients
- 3) Management services – where a company requires expertise services to manage the inventories of its own warehouse, CWL deploys its resources to provide such services
- 4) Consultation and other services – CWL is capable of providing consultation on supply chain management for clients that seek professional advice on planning of storage, handling, transportation etc.

As per general sources of income of the Company, above functions can be further identified under the following categories:

Provision of Storage and Handling Services

At present, the Company manages around 385,000 sq.ft. of warehousing space in 6 main locations operated within Colombo and Gampaha districts and provides storage, handling and distribution services to its clients. The clientele includes corporates from telecommunications, manufacturing, FMCG, trading and other sectors.

The locations of warehouses have convenient access to Colombo Port, Katunayake International Airport and within close proximity to the Colombo city. The Company always ensures that goods are stored as per required quality standards and adequate safety measures are applied in storing and handling by its work force. The leadership team is well-experienced in the business of warehouse management and is committed to provide customized services and solutions as per the demands of the diverse clientele.

Revenues are generated in the form of rent income, and handling charges for cargo stored.

Transportation

CWL provide its services as an end-to-end 3PL logistics service provider where the Company also engages in inbound transportation of goods for clients and island wide distribution. Clients enjoy the benefit of a professional and economical service where both storage and transportation are handled by a single party. CWL provides a timely and efficient service using cargo specific vehicles, load and route planning methods with tracking systems.

Fees charged for the volumes of cargo transported by CWL is included under this revenue category.

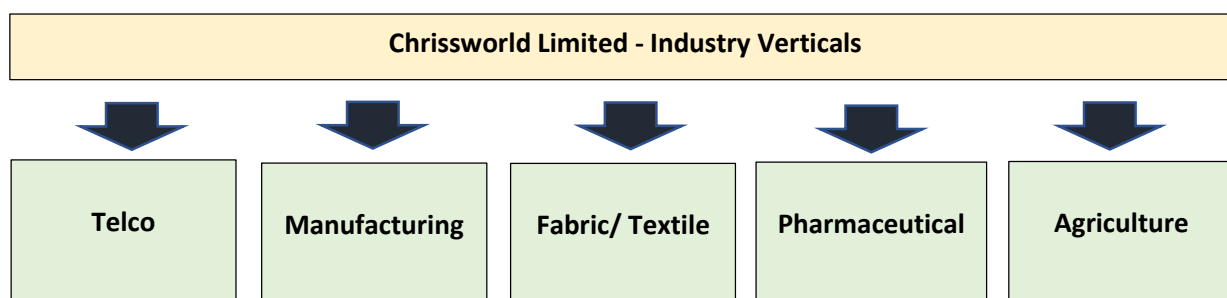
Logistics Support and Value-Added Services

CWL has extended its position to provide logistics support services and value-added services. Key areas in which the Company provides such services are consultation services, project cargo handling, price marking, packing, product quality checking etc. These services are provided to in-house clients or for clients that have their own storage facilities that require expert services. In-house clients also have the benefit of receiving these services according to their requirements under one roof, saving time and resources.

Freight Brokering

As a part of diversifying the revenue streams, CWL also explores opportunities to engage in other logistics industry related activities where freight brokering is one such area. The Company has already commenced engaging in these transactions and is planning to partner with suitable parties and expand into such activities in the future to generate additional revenues. It will provide the opportunity for CWL to optimize the returns whilst business risks are being managed effectively. Related income will be generated in the form of a brokerage/ commission for the resources deployed by the Company.

The main industry verticals served by the Company are identified below:



6.3.1 Financial information

(A) Change in approach on recognition of revenue from FY 2019/20

In FY 2019/20, an exponential growth in revenue is observed compared to previous years. This has been caused by two (2) main factors.

1) One of the main clients that occupy warehouses of the Company is a party in the telecommunication industry, together with local partners in Sri Lanka. Even though the warehousing facilities are provided by Chrissworld, the original service agreement is with Chrisslogix (Pvt) Limited, which is the parent company. As such, revenues of this key customer had been recognized under CLG whilst certain cost elements absorbed by CWL due to the nature of the arrangements existed between the two companies. The reason being, transfer of the contract to CWL from CLG has not been feasible due to corporate policies of the client.

Recognizing the need to establish CWL as an independent operator of 3PL services and derive the full benefits of the services provided, from FY 19/20 onwards, Chrissworld has made arrangements with CLG to invoice back for the corresponding revenues of this client to CLG and recognize revenues under the Company. Accordingly, all the revenues and costs are properly accounted under CWL at present.

The accounting treatment adopted by the Company as above is in compliance with SLFRS for SMEs and provisions of the Inland Revenue Act No 24 of 2017 (as amended) on transfer pricing are not applicable.

2) In addition to this key change, there are also new clients secured by the Company during FY 2019/20 and expansion of business operations, which has also contributed to a significant increase in revenues from other clients (up by 30% compared to FY 2018/19).

When considering the current level of contribution from the aforesaid client, it is approximately around 55% (in March 2021) compared to total revenue. In the future, the captioned contribution will decline due to major

part of the projects being completed during the year 2021; as such this client's contribution would be approximately 25% - 30%, as compared to the total revenue forecasted in FY 2021/22 and thereafter.

Revenue forecasts have been made considering the current businesses in hand, expected changes in volumes handled in respect of current businesses of the Company and with a reasonable growth expectation as described under forecasted financial statements section of this Prospectus.

(B) Recent improvements in financial performance

Recent improvements in financial performances are largely attributable to the Change in the approach on recognition of revenue from FY 2019/20, as detailed in the preceding section. The benefit in terms of improved gross margin due to recognition of all relevant revenue flows enabled the Company to record net profits in the last financial year, as well as in the FY 2020/21 (up to 31st January 2021). Improved gross profit levels (as a result of substantial revenues) are greater than the overhead expenses, resulting net profits in the said financial periods, which has not been the case prior to FY 2019/20.

(C) Analysis of financial performance and financial position for FYE 31st March 2020

Whilst business operations continued as usual for the Company, the significant change in recognition of revenues (as elaborated under item (A) above), led to observe material variances in account balances compared to that of FY 2018/19.

- Revenue and Cost of Sales – revenue growth of 191% and Cost of Sales growth of 137% is evidenced in FY 2019/20 as opposed to FY 2018/19 due to the factors mentioned under Section 6.3.1 (A) above. As detailed therein, the Company commenced recognizing all relevant revenue flows and associated cost of sales in the income statement, leading to a substantial increase in said balances (mainly driven by a telecommunication sector client). Revenue dependency from a single client that operates in the telecommunication sector is approximately 56% for the FY 2019/20. Please refer section 10.1 of this Prospectus for current and expected level of dependency on this client.
- Gross Profit Margin – Stemming from the gross margins of the revenue flows derived from the clients, the gross profit (GP) of FY 2019/20 in absolute terms and as a ratio reflects a two-fold drastic improvement.
- Selling and Distribution Expenses (S&D) – Company's services as a 3PL service provider is for corporate clients and the business model of the Company does not involve any significant level of S&D costs. Business opportunities are acquired through a competitive bidding process and also leveraging on business relationships with various clients. Therefore, overall drop in S&D expenses (by 46%) has no impact on the revenues since the top line is not driven by the extent of sales and distribution activities. The S&D cost reduction in FY 2019/20 was mainly due to abolishment of NBT by the government effective from 1st December 2019 (pursuant to a letter issued by the Ministry of finance on 28th November 2019).
- Trade receivables – Company's policy on providing credit to its clients is for a period of 45-60 days from the date of invoicing, which automatically results in a receivable balance as of the balance sheet date. Therefore, together with the revenue increase, there has been a significant amount of trade debtors as at 31st March 2020 compared to the previous FY where revenues were at a lower level. However, when considered as a percentage of revenue, it should be noted that the trade receivable of 2019/20 is a lesser percentage (19%) as opposed to the same in 2018/19 (26%).

Analysis of trade debtor balance as of 31st March 2020 is as follows:

Debtors' aging category	Amount outstanding (LKR)
Age 0-30	15,651,907.67
Age 31-60	21,129,199.95
Age 61-90	241,504.98
Age>90	4,198,252.50
Total Outstanding	41,220,865.10

More than 98% of the balances that were outstanding as of 31st March 2020 have been collected by the Company as of now. With the impact of COVID-19 pandemic, businesses may experience cashflow constraints which at times cause delays in collections of dues, though it would not result in a non-recoverability as the Company's business exposure is to corporate clients.

Any delays in settlements by the debtors are frequently followed-up by the Company, which is the general practice adopted on debt collection in order to ensure delays are minimized and recoveries are made in the fastest possible manner. It is only in extreme situations the company may move to stop services and hold on to cargo stored until outstanding amounts are settled by the client. However, there are no significant deviations from the credit terms at present, although if occurs then such delays would cause temporary working capital deficits, which will be bridged via available funding facilities (e.g. bank O/D) as the case may be and additional finance costs could arise when resorted to such O/D facilities.

Further, historically there were no instances of material credit losses, which is an indication of a minimal risk exposure in terms of trade debtors.

The Company's main debtor is Chrisslogix (Pvt) Limited (parent company) arising from the revenue recognition practice of its main client as detailed under section 6.3.1 (A) above. These amounts are settled to the Company by Chrisslogix no sooner the client makes the payments for the invoices, thus no exceptional credit terms are available to the parent. Therefore, the said debtor is also considered similar to any other debtor in-line with the general credit terms granted by the Company, hence recovered as usual in the ordinary course of business.

- Negative operating cashflows after working capital changes – Despite operating profits being recorded in FY 2019/20, change in trade and other receivables balance resulted due to trade debtors as disclosed above has resulted a negative operating cashflow position as depicted in the cash flow statement.
- Positive Net Assets, Carried forward losses and Stated Capital – In terms of the financial position, notable improvements were evidenced driven by (1) capitalization of certain related party payables (2) Profits recorded amounting to Rs 20.7 Mn in FY 2019/20. As a result, the Company was able to come out of the Serious Loss of Capital position that prevailed up until the Capitalization of related party payables on 31st March 2020. However, as of 31st March 2020, the buffer available over the threshold for Serious loss of capital was LKR 522,882 which is improving with the profits recorded up to 31st January 2021. Assuming a successful completion of the IPO, Company's financial position would be in a much better situation in comparison to the past.
- Gearing – The Company is mainly dependent on bank financing for its business expansions and other working capital requirements. Together with a low equity base as mentioned above, the Company has had a significant exposure to debt, which is gradually reducing in the current financial period with

improved cash flows. This has paved way to minimize the dependency on bank O/D. Capital infusion via the IPO and partial settlement of loans as planned will result substantial reduction in gearing levels. Investors are advised to refer Section 10.3 for details of the updated borrowings position.

Although significant variances in financial statements of 2019/20 could be observed as compared to the previous years, the captioned trend will continue into the future as already reflected in the interim financial statements (31st January 2021). The true potential of Company's business is reflecting in the financial statements only from 2019/20 onwards, therefore the Company is of the view that no significant reasons prevail to perceive additional risks associated with the above variances caused due to changes in financial reporting terms. These indicators are from a financial reporting perspective, largely driven by change to revenue recognition of a specific client and not from a substantial volatility in operational environment. However, investors should make note of the operational and other risk factors that are disclosed in Section 11.0 of this Prospectus.

Other Key financial information provided under Section 2.3 of the Research Report prepared by the Managers to the issue should be read in conjunction with the Prospectus.

(D) Interim Financial Statements for the period ended 31st January 2021

Please refer Annexure 2 of the Prospectus for the interim financial statements of 31st January 2021, accompanied by a Limited Review Report of the Company's Auditor.

During the interim period, profitability of the Company has declined as compared to that of financial year 2019/20. Lower level of revenues than anticipated with the drop in volumes handled due to restricted operations during lock-down period is a key reason whilst the main fixed cost of rent expenses continued to increase. Import restrictions imposed by the government is another factor for lower utilization of warehouse space and generating modest revenues. Accordingly, combined effect of these two factors have adversely impacted on the revenue growth whilst fixed costs are on the high side, leading to shrinking gross profits ultimately resulting net profits being declined compared to FY 2019/20.

(E) Preparation of financial statements post listing

The Company will opt to prepare financial statements as per SLFRS for SME's for the financial year 2020/21 and will commence following full SLFRS from the next financial year onwards (i.e. FY 2021/22).

6.4 Logistics Industry

Logistics is the management of the flow of activities between the point of origin and the point of consumption. The Logistics Industry includes many segments that are inter-related and cater to the movement of goods and information between the provider and the receiver.

Logistics management is a sub part of supply chain management and consists with main functions of procurement, transportation, warehousing and distribution of goods to meet the requirements of the provider and the 'end user'. Each of these key segments has multifold activities that involve many stakeholders such as manufacturers, transporters (Road, Rail, Water and Air), freight forwarders, warehousing and value-added service providers. These services connect individuals and firms to markets inside and outside the borders hence play an important role by contributing to economic development worldwide.

Snapshot of the Industry – Global and Sri Lanka

Global Logistics market value
US\$ 6.6 Trillion (2019)



Global 3PL market size
US\$1.7 Trillion (Est. 2025)



CAGR 8%



SL Logistics market value
US\$ 2 Billion (2019)

Sources: ModorIntelligence - Global Third-Party Logistics (3PL) Market - Growth, Trends, COVID - 19 Impact And Forecasts (2021 – 2026), Website of Transport Intelligence (Ti) - United Kingdom, website of Export Development Board (EDB)

A comprehensive Industry analysis covering global and local Logistics industry dimension is provided under Section 3.0 of the Research Report prepared by the Manager to the Issue.

6.5 Shareholding details of the Company

As at the date of this Prospectus, following parties are the shareholders of CWL.

Name of the shareholders	Number of shares	Percentage
Chrisslogix (Pvt) Ltd	21,750,000	96.66%
Mr. Shanaka Lansakara	375,000	1.67%
Mr. D. Dilan L. Nanayakkara	375,000	1.67%
Total	22,500,000	100%

Full particulars of the Capital structure are provided under Section 9.0 of this Prospectus.

6.6 Human Resource

As at the date of this Prospectus, CWL has 20 permanent employees. Labour requirements for day-to-day operations at the warehouses are sourced from third party man-power providers hence they do not fall under the purview of CWL employees.

As at the date of this Prospectus, there are no labour unions in the Company and no agreements have been entered into between any labour unions and the Company.

6.7 Taxation

The Company is liable for income tax at the rate of 14% on taxable profits, which is the corporate income tax rate applicable for SME's. There are no tax concessions enjoyed by the Company at present, however, in the event a listing is obtained in the CSE prior to 31st December 2021, CWL would avail for a 50% reduction in tax rate for the year of assessment 2021/22 as proposed in the National Budget of 2021.

Income tax expense has not been recorded in the financial year of 2019/20 due to the business losses carried forward from previous years which were claimed against the taxable profits of the said financial year.

Value Added-Tax is currently not applicable as the Company is below the present revenue threshold of LKR 25 Mn a month. Furthermore, Economic Service Charge has been abolished with effect from 1st January 2020 and Nation Building Tax has been abolished with effect from 1st December 2019, hence not applicable to the business.

6.8 Future Strategies of the Company and Assumptions on which such strategies are based upon

a) Enhancements to warehouse premises

As detailed in Sections 5.5.1, 5.5.2 and 5.5.3 under Objectives of the issue, CWL plans to enhance the facilities in selected warehouses by adding racking facilities and machinery to support the handling of cargo.

CWL has decided to proceed with these plans considering the long-term benefits of attracting clients that require racked storage. It is reasonably assumed that there will be a demand for this type of storage facilities and CWL would be able to attract new clients with such requirements to enhance the space utilization.

b) Local business expansions

CWL currently operates from Colombo and Gampaha districts, with easy access to the Colombo Port and the Airport whilst mainly serving clients based in these areas. The Company has also realized the importance of moving into other parts of the country, where opportunities are available in the 3PL segment due to expected industrialization of such areas and the development of road infrastructure. Strategic locations would be selected based on areas with potential to develop, which will enable sustainable demand for Company's services.

CWL believes that there would be premises available to base warehousing operations and the demand for such services would exist in the future. The Company believes that required financing for working capital could be sourced from internally generated funds or from bank borrowings when required.

c) Explore new business opportunities in South East Asia region

The Company in its long-term plans will explore opportunities to expand beyond borders, especially in the South East Asian region and partner with suitable parties, leveraging on vast experience and expertise of the senior management team to operate in such countries. As Company's leadership team has the required skills and know-how of the business, CWL believes that there are business opportunities in countries where such skills are lacking, hence plans to link-up with suitable parties that would enable them to enter the targeted foreign markets.

CWL believes that the management will be able to find business partners from selected countries and conducive economic conditions would prevail in such countries to conduct business smoothly. Moreover, it is assumed that investment funds could be channeled from an appropriate source when required for such operations.

d) Explore opportunities in Temperature Controlled Cargo

The Company has identified the future potential of temperature-controlled cargo as a major development in the market. Opportunities exist to deliver such services using innovative solutions and modern technologies. Due to the expected development in agriculture sector, it is expected that demand for these types of storage could increase in the future, for example: cold storage for vegetables.

It is the expectation of CWL that there will be available storage facilities to be obtained on rent and clients could be attracted for such storage facilities. CWL is confident that funds could be sourced from a suitable avenue when required for this nature of businesses.

Applicants of Shares are advised to read Section 11 of this prospectus to understand the risks that would impact above strategies.

7.0 CORPORATE STRUCTURE

7.1 Board of Directors

The Board of Directors of the Company comprises of experienced and professional individuals where there are 4 Executive Directors, 1 non-executive non-independent director and 2 non-executive independent directors. The Board is responsible to oversee the business affairs of the Company and provides leadership via formulating business strategies.

Name	Nature of the Directorship
Mr. Christopher A. M. Perera	Chairman, Executive Director
Mr. S. A. D. Niranjana Suraj	Managing Director/ Chief Executive Officer
Mr. Sithira Wickramasekera	Senior Executive Director
Mr. Shanaka Lansakara	Executive Director
Mr. D. Dilan L. Nanayakkara	Non-Executive Non-Independent Director
Mr. Melanga A. Doolwala	Non-Executive Independent Director
Mr. Rohan Ladduwahetty	Non-Executive Independent Director

7.2 Profiles of the Board of Directors

Mr. Christopher A. M. Perera - Chairman, Executive Director

360/9/C, Lake Road, Averihena, Hokandara South

Mr Perera counts over 35 years of experience in the shipping & logistics industry. His career started at Hayleys Group in 1986, with ship agency and port operations in the initial period and moving later to feeder agency and freight forwarding. He completed a 20 year service period at Hayleys Group in 2006, after being elevated as Director of Lanka Orient Express Lines (Pvt) Ltd, a feeder agency representing Orient Express Lines, Dubai and as Director of NYK Logistics & Kusuhara Lanka (Pvt) Ltd, a joint venture in freight forwarding between Hayleys, NYK Logistics, Japan and Kusuhara Transportation Company, Japan.

He was the Founder Chairman / Managing Director and majority shareholder of Air Marine Logistics (Pvt) Ltd, incorporated in 2006 to pursue his ambition as an entrepreneur. The Company was developed as a strong customs clearance agency and an international freight forwarder. Disposing his shares of the Company in 2012, he formed Chrisslogix (Pvt) Ltd, the parent Company of Chrissworld Ltd and has provided strong leadership towards the growth of the group.

Mr Perera was a former Chairman of the Association of Clearing & Forwarding Agents (ACFA) and a former Consultant to Ceylon Freight & Logistics Association (CEYFFA). He was also the former Hon'y General Secretary of the 80 Club of Colombo. His key strengths are in administration, public relations, network building and strategic management.

Pursuing his passion and hobby of Model Railroading, which is one of the world's greatest hobbies, he will be opening Sri Lanka's largest model railway exhibit as a visitor attraction by mid-2021. He was responsible in building a community of model railroaders in Sri Lanka over the last couple of years and is currently the President of the Model Railway Association of Sri Lanka.

Mr. S. A. D. Niranjana Suraj - Managing Director/ Chief Executive Officer

87, Dodangahena, Gothatuwa, New Town, Gothatuwa

Mr. Suraj has 29 years of experience in the shipping & logistics industry. Commencing his career in 1992 at Hayleys Group, he was involved in several subsidiaries of the Group covering finance, freight forwarding, shipping, NVOCC and 3PL, during a span of 2 decades. During the period 2006 – 2012 he headed the logistics operations of the FMCG sector of Logiwiz (Pvt) Ltd, a subsidiary of Hayleys.

He holds an Advanced Diploma in Logistics & Transport from the Chartered Institute of Logistics & Transport (UK) and is a member of the Chartered Institute of Logistics & Transport (UK) and Alumni from Indian Institute of Management, Ahmedabad. His key strengths are in logistics management, finance, strategic management and HR management.

Mr. Sithira Wickramasekera – Senior Executive Director

Apartment No 21 E, Fairway Sky Gardens, Buthgamuwa Road, Rajagiriya

Mr. Wickramasekera has experience of over 32 years in the fields of exports, trading and logistics. Starting his career in 1989 at Forbes & Walker Ltd, he was a Founder Vice President of Asia Siyaka Commodities Ltd and a Director of Asia Siyaka Warehousing (Pvt) Ltd and was part of a robust team involved in providing modern warehousing solutions for the tea industry of Sri Lanka.

He also heads the leisure segment of the Chriss Group and manages Kirala Island, an island resort on the Bolgoda Lake under Chrissleisure (Pvt) Ltd.

Mr. Wickramasekera holds a Post Graduate Diploma in Business Administration from the University of Colombo and is also a member of the Chartered Institute of Marketing (UK) and of The Chartered Institute of Logistics & Transport.

He is an ardent water sports enthusiast and is the Founder President of the Bolgoda Lake Rowing Club, Vice President of The Amateur Rowing Association of Sri Lanka and serves on the committee of the Canoeing & Kayaking Association of Sri Lanka.

Mr. Shanaka Lansakara - Executive Director

2B-33, Jayawadanagama Battaramulla

Mr. Lansakara has over 23 years of broad based senior management level exposure in the logistics and supply chain industry in Sri Lanka and India, with leading players such as Hayleys and Sierra Construction.

He holds an MBA from Manipal University India, BSc Management Business Administration Special Degree from University of Sri Jayewardenepura and Graduate Advanced Diploma in Logistics & Transport from the Chartered Institute of Logistics & Transport (CILT). He is a chartered member of the CILT.

Mr. Lansakara is a visiting lecturer at CINEC Maritime Campus, CINEC Metro Campus since 2013 and also lectures at many leading academic institutes including the University of Sabaragamuwa.

Mr. D. Dilan L. Nanayakkara – Non-Executive Non-Independent Director

366/D/7 Temple Road, Thalawathugoda

Mr. Nanayakkara counts almost 2 decades of experience in the logistics industry with special skills in international freight, customs clearance and project cargo handling. He is a professional marketer and has over 13 years of exposure at senior management level.

He holds a Master of Business Administration (MBA) from the British School of Commerce, Cardiff Metropolitan University UK and a national certificate in Computer Application – Certificate level at National Institute of Education. He is a member of the Chartered Institute of Logistics and Transport (CMILT), a member of BNI Sri Lanka/Global and is the current President of the Elite Chapter and the Ambassador for the Pioneer Chapter. He is also a member of the Photographic Society of Sri Lanka.

Mr. Melanga A. Doolwala – Non-Executive Independent Director

21/25, 5th Lane, Araliya Uyana, Depanama, Pannipitiya

Mr. Doolwala has over 18 years of experience in finance, specializing in financial management and strategy, whilst accumulating extensive knowledge and skills in the insurance industry for over 14 years. He held the position of Principal Officer/ GM Finance and Operations of Arpico Insurance PLC, a Subsidiary of Richard Peiris and Company PLC, until February 2021. He is also a director of Omeo Products (Private) Limited and AMD Holdings (Private) Limited.

He held management positions at X-ONT Software (Pvt) Ltd and Janashakthi Insurance PLC, and has hands on experience in public issuance of securities, whilst being the principal point of contact with capital market regulators (SEC & CSE), when listing Arpico Insurance PLC in 2014.

Mr. Doolwala holds an MBA from Cardiff Metropolitan University, UK and is an Associate Member of the Chartered Institute of Management Accountants (CIMA) UK and was a member of the Member Engagement Sub Committee of CIMA in 2019 and continues to be actively involved with CIMA, Sri Lanka Division. He has also completed the Licentiate Exams from Insurance Institute of India.

Mr. Rohan Ladduwahetty - Non-Executive Independent Director

14A, Janatha Mawatha, Navinna, Maharagama

Mr. Ladduwahetty's expertise is in the tea industry of Sri Lanka with over 35 years of hands on experience. His life with tea started at Van Rees Ceylon Ltd, an investment from a private entity in Netherlands that created one of the largest tea traders in Sri Lanka, where he served them for almost 2 decades.

He later moved onto the Almar Group, a traditional rubber exporter, as the Founder CEO of its tea division.

In 2012, Mr. Ladduwahetty formed Ramico International (Pvt) Ltd in partnership with an overseas investor. The Company functions as an exporter of value added tea to various destinations.

7.3 Other directorships held by the members of the Board

Name	Other Directorships held
Mr. Christopher A. M. Perera	Chrisslogix (Pvt) Limited Chrissleisure (Pvt) Limited Combined Logistics (Pvt) Limited Camps Fun Factory (Pvt) Limited
Mr. S. A. D. Niranjan Suraj	Chrisslogix (Pvt) Limited Chrissleisure (Pvt) Limited
Mr. Sithira Wickramasekera	Chrisslogix (Pvt) Limited Chrissleisure (Pvt) Limited Ranmal Eyot Marina (Pvt) Ltd Sweet Water Villas (Pvt) Ltd
Mr. Shanaka Lansakara	N/A
Mr. D. Dilan L. Nanayakkara	N/A
Mr. Melanga A. Doolwala	Omeo Products (Private) Limited AMD Holdings (Private) Limited
Mr. Rohan Ladduwahetty	Ramico International (Pvt) Ltd

7.4 Directors' interest in shares

Other than the Directors identified below, none of the other directors directly hold shares in the Company as at the date of this Prospectus:

Name	Number of shares held
Mr. Shanaka Lansakara	375,000
Mr. D. Dilan L. Nanayakkara	375,000

Mr. Christopher A. M. Perera, Mr. Sithira Wickramasekera and Mr. S. A. D. Niranjan Suraj are also the Directors of the parent Company - Chrisslogix (Pvt) Limited which holds 96.66% shares as at the date of this Prospectus.

7.5 Sale or Purchase of Shares by the Directors

Other than the shares allotted and transferred that are mentioned under Section 9.3 and 9.4 of this Prospectus, there were no sales or purchases of shares made by the Directors of the Company during the last 12 months prior to the date of this Prospectus.

7.6 Directors' Emoluments

The Directors were remunerated in the form of management/shared services fees during the financial year 2019/20, which amounted to a total of LKR 18.7 Mn.

The Directors are expected to be remunerated in the form of Management/shared services fee* during the financial year 2020/21 to an approximate amount of LKR 18.4 Mn.

** From the financial year 2021/22, remuneration packages and fees would be determined at the Company Board level, in the form of a management fee.*

7.7 Directors' Interest in Assets

The Directors hold no interest in assets acquired, disposed of or leased by the Company during the two years preceding the date of this issue. Furthermore, it is not proposed that the Directors will hold any interest in assets to be acquired, disposed of or leased by the Company in the two years subsequent to the issue.

7.8 Directors' Interest in Contracts and Arrangements

There are no contracts or arrangements in force as at the date of this Prospectus in which the Directors of the Company are materially interested in relation to the business of the Company. However, a director of the Company has granted a loan to the Company for working capital requirements as detailed in section 5.5.5 of this Prospectus.

7.9 Statement - Board of Directors

No Director or a person nominated to become a Director of the Company is or was involved in any of the following events:

- a) A petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an executive officer;
- b) Convicted for fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification.

7.10 Corporate Governance Practices

The Company as a part of its transformation to a public company has identified the importance of good corporate governance practices that would enhance corporate transparency by having a robust system of internal controls, procedures and financial reporting systems.

As such, the Company has appointed two Non-Executive Independent Directors to the Board namely:

Mr. Melanga A. Doolwala

Mr. Rohan Ladduwahetty

The Board has also appointed the following committees that support to maintain a healthy governance structure and best practices:

1. Audit Committee
2. Remuneration Committee
3. Related Party Transactions Review Committee

7.10.1 Audit Committee

Audit Committee comprises of two non-executive independent directors and one non-executive non-independent director where they are empowered to oversee the financial reporting processes, internal controls, internal audit, whistle blowing activities, and assess the independence and performance of external auditors:

The Committee comprises of following directors:

Mr. Melanga A. Doolwala — Non-Executive Independent Director - Chairman
Mr. Rohan Ladduwahetty – Non-Executive Independent Director
Mr. D. Dilan L. Nanayakkara - Non-Executive Non-Independent Director

Functions of the Audit Committee include the following:

- a) Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements of a Listed Entity, in accordance with Sri Lanka Accounting Standards.
- b) Overseeing of the Entity's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.
- c) Overseeing the processes to ensure that the Entity's internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards.
- d) Assessment of the independence and performance of the Entity's external auditors.
- e) To make recommendations to the board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.

7.10.2 Remuneration Committee

The Remuneration Committee of the Company is established to assist the Board relating to recommend the remuneration (cash and non-cash benefits) payable to the executive and non- executive directors of the Company.

The committee constitutes the following non-executive independent directors:

Mr. Rohan Ladduwahetty - Chairman
Mr. Melanga A. Doolwala

The remuneration policy of the Company is to maintain a balance between providing a suitable compensation to the employees and their performance for the best interest of the Company and the shareholders. The remuneration packages recommended by the Board will be reviewed by the members of the Remuneration Committee to provide required guidance when required.

7.10.3 Related Party Transactions Review Committee

The scope of the committee is to provide independent review, approval and oversight of related party transactions to ensure such transactions are executed in a transparent manner whilst being compliant with applicable regulations upon listing.

The committee comprises of Non-executive and Non-executive independent directors, together with an executive director as follows:

Mr. Melanga A. Doolwala — Non-Executive Independent Director - Chairman
Mr. Rohan Ladduwahetty – Non-Executive Independent Director
Mr. D. Dilan L. Nanayakkara - Non-Executive Non-Independent Director
Mr. S. A. D. Niranjana Suraj – Managing Director/ Chief Executive Officer

7.11 Corporate Management Team

7.11.1 Management Team

The leadership team of the Company is responsible to ensure that the affairs of CWL are carried out to achieve the desired objectives for the best interests of the Company and its shareholders.

Mr. S. A. D. Niranjana Suraj - Managing Director/ Chief Executive Officer

Mr. Suraj is leading the business operations of the Company in terms of acquiring new businesses and strategic management activities. Details of experience and qualifications are set out under Section 7.2 of this Prospectus.

Mr. Christopher A. M. Perera – Chairman

Mr. Perera provides principal strategy and direction for the Company, whilst playing an active role in management affairs of the organization. Further, he is entrusted with the responsibility of spearheading planned overseas developments. Details of experience and qualifications are set out under Section 7.2 of this Prospectus.

Mr. Sithira Wickramasekera – Senior Executive Director

Mr. Wickramasekera spearheads mainly the local business development whilst supporting the leadership of the company in global business development via his international network. Details of experience and qualifications are set out under Section 7.2 of this Prospectus.

Mr. Shanaka Lansakara – Executive Director

Mr. Lansakara oversees the warehouse operations of CWL, and actively leads and involves in operational matters by providing planning and execution strategies for the Company. His profile is disclosed under Directors' profiles.

Mr. P Jayakody Arachchi– Manager Marketing

Mr. Jayakody Arachchi is responsible for marketing activities of the business on identifying new clients; maintain business relationships to retain them etc. As the Company's clientele is mainly corporates, he performs the key role in exploring opportunities on new business acquisitions.

Profile

Mr. Jayakody Arachchi is an experienced senior management level professional in logistics, supply chain management and leisure and tourism industries, with a career spanning over 24 years. He has served in leading organizations in the apparel manufacturing industry and food & beverage industry in Sri Lanka.

He holds a Higher National Diploma in Business and Finance (B-TEC) and is also a qualified quality auditor for ISO 9000 Standards series.

Mr. Samudra Ratnayake – Manager Operations

Mr. Ratnayake is responsible on ensuring regular warehouse operations are carried out as planned and performance is monitored. He is actively involved in supervision and guiding the staff to achieve the desired performance. He is also responsible for system development activities.

Profile

Mr. Ratnayake has been engaged in Logistics and Supply Chain industry with over 09 years' experience including employment in Logiwiz (Pvt) Ltd (Hayleys group). He demonstrates exposure to multiple operations in the logistics industry, multiple clients, and world leading WMS such as SAP warehouse management system etc.

He holds an M.Sc in Logistics and Supply Chain Management from Global Institute of Project Management and a Diploma in Business and Information Technology from the Siksil Institute of Business and Technology.

Ms. Umesha Liyanarachchi – Head of Finance

Ms. Liyanarachchi possesses over 2 years of auditing and accounting experience from WIJEYERATNE & COMPANY that provides professional services in the fields of Auditing, Taxation, Management Advisory and Information Risk Management. She holds a B.Sc. (Special) Degree in Accountancy & Business Finance from the Wayamba University of Sri Lanka. At present, Ms. Liyanarachchi is responsible for accounting and financial reporting activities of CWL.

7.11.2 Remuneration of the Management Team

An amount of LKR 7.8 Mn has been paid as emoluments to the corporate management team* during the financial year 2019/20.

An estimated amount of LKR 7.8 Mn would be paid to the corporate management team *as emoluments for the financial year 2020/21.

** This remuneration does not include amounts paid to Chairman, Managing Director/ Chief Executive Officer and Senior Executive Director where such amount is included under directors' emoluments.*

7.11.3 Statement by the Managing Director/ Chief Executive Officer

The Managing Director/ Chief Executive Officer of the Company is or was not involved in any of the following events:

- a) A petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an executive officer;
- b) Convicted for fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification.

8.0 PROCEDURE FOR APPLICATIONS

8.1 Eligible Applicants

Applications are invited from the following categories of persons, having a valid Account in the Central Depository System (Private) Limited (CDS Account):

- i. Citizens of Sri Lanka who are resident in or outside Sri Lanka and above 18 years of age; or
- ii. Companies, corporations or institutions incorporated or established within Sri Lanka; or
- iii. Corporate bodies incorporated or established outside Sri Lanka; or
- iv. Approved unit trusts licensed by the SEC; or
- v. Approved provident funds and contributory pension schemes registered/incorporated/established in Sri Lanka (in this case, Applications should be in the name of the Trustee/Board of Management in order to facilitate the opening of the CDS account); or
- vi. Foreign citizens above 18 years of age (irrespective of whether they are resident in Sri Lanka or overseas); or
- vii. Global, regional and country funds approved by the SEC.

Applications made by individuals below 18 years of age or those in the names of sole proprietorships, partnerships, unincorporated trusts and non-corporate bodies will be rejected.

Applications submitted under the Unit Trust Applicant Category should conform to the criteria defined by the SEC Directive dated June 06, 2011 (Ref: SEC/LEG/11/06/01).

Eligible Applicants may fall into one of the following categories.

- Retail Individual investor Category
- Unit Trust investor Category
- Non-Retail investor Category

Please refer Section 8.2.1.3 for the definitions of the aforementioned applicant categories.

8.2 Procedure for application

Applicants applying for the Shares should submit their Applications in the manner set out in this Prospectus.

In terms of Rule 2.4 (f) of the CSE Listing Rules, the Prospectus and Application form will be made available in soft copy form and can be downloaded from the websites of www.cse.lk, www.chrissworld.com and www.atarahcapital.com.

Applicants may collect an Application Form from the Members and Trading Members of the CSE, listed in Annexure 5 of this Prospectus. A limited number of hard copies of the Prospectus will be made available to those Members and Trading Members ONLY for the perusal of such applicants. Those applicants are advised to read the Prospectus in full which can be downloaded from the websites of the CSE, the Company and Manager to the Offer.

8.2.1 How to Apply

Applicants of this Offer have the option to submit an application using one of the following modes of application:

- Physical Application Form
- CSE Mobile App – **ONLY for Individual applicants as detailed in Section 8.2.1.2 of this Prospectus**

APPLICANTS SHOULD APPLY ONLY THROUGH ONE APPLICANT CATEGORY (INCLUDING JOINT APPLICANTS) AND WOULD BE PERMITTED TO SUBMIT ONLY ONE APPLICATION. TWO OR MORE APPLICATIONS SUBMITTED BY THE SAME APPLICANT, EITHER UNDER THE SAME CATEGORY OR DIFFERENT CATEGORY WILL BE CONSTRUED AS MULTIPLE APPLICATIONS AND WILL BE REJECTED. AN APPLICANT WHO SUBMITS AN APPLICATION EITHER VIA PHYSICAL APPLICATION FORM OR VIA CSE MOBILE APP SHALL USE ONLY ONE OF SUCH MODE TO MAKE AN APPLICATION. TWO OR MORE APPLICATIONS SUBMITTED USING A PHYSICAL APPLICATION FORM OR VIA CSE MOBILE APP BY AN APPLICANT WILL BE CONSTRUED AS MULTIPLE APPLICATIONS AND WILL BE REJECTED.

8.2.1.1 Use of Physical Application Form

An Applicant who wishes to use a physical application form (also subject to Section 8.2.1.2 in this Prospectus) must apply for the New Shares on the Application Form that form part of this Prospectus, which can be downloaded from the websites of www.cse.lk, www.chrissworld.com or www.atarahcapital.com. The physical Application Form should be legibly completed in accordance with the instructions given therein and be received by the Registrar to the Issue in the manner stipulated under Section 8.2.7.1 of this Prospectus. Applicants are also advised to refer Section 8.2.2 of this Prospectus for more information on completion of the Application Form.

8.2.1.2 Application via CSE Mobile App

RESIDENT AND NON-RESIDENT INDIVIDUAL APPLICANTS WHO HAVE A VALID CDS ACCOUNT HAVE THE OPTION OF APPLYING FOR THE SHARES ON OFFER VIA CSE MOBILE APP IN THE MANNER SET OUT IN THIS SECTION.

Following individual applicants however, are **NOT** permitted to apply via the CSE Mobile App:

- Applicants of a Joint Application
- Applicants holding a Power of Attorney (POA)
- Applicants applying under a margin trading account

Following procedure to be followed when making an application via CSE Mobile App:

Important: Please note that the CSE Mobile App does not feature as a payment gateway hence the payments for shares applied should be made using an accepted mode of payment as permitted under Section 8.3 of this Prospectus. Individual applicants who wish to use the payment modes of CEFTS transfers or RTGS transfers must ensure to initiate such transfers prior to making the application using the CSE Mobile App, in order to attach the proof of payment which is a mandatory requirement in submitting their applications via CSE Mobile App.

- If the applicant is a first-time user of the CSE Mobile App, he/ she has to go through the registration process by following the instructions prompted via the App and complete the user account creation process, prior to making an application
- A first-time user requires authenticating his/ her email address and mobile phone number in order to setup a biometric/ Personal Identification Number (PIN) access to the App.
- Existing users can directly proceed to apply after biometric/ PIN verification.
- Applicants should navigate through “Our Service” option in the menu and go to “Apply for IPOs”

- List of available IPOs will appear and the applicant has to select “Chrissworld Limited-IPO”. The Prospectus and other documents relating to the IPO will appear and the applicant can download them for reading.
- Once the applicant clicks on “Apply” button on this page, the applicant will be directed to fill in the online application form
- Applicant should first complete the ‘Personal Information’ by following the instructions therein and in compliance with the instructions given in the Prospectus
- The details with regard to the number of shares applied and the total value applied to be filled in the form, subject to the minimum subscription per application as detailed in the Prospectus (i.e. minimum of 100 shares)
- Upon accurate information are provided, the applicant is prompted to upload the following identification documents:
 - For Resident applicants - image of front and rear view of the NIC. Image of the passport details page is permitted ONLY in the event the NIC is not available and CDS account should be for the passport number
 - Non-resident applicants - image of the passport detail page
- Upon completion of the above details, the applicant **must** upload a proof of payment via an Image of the payment details (cheque or bank draft or bank guarantee or RTGS transfer confirmation) or a bank confirmation/ receipt in the event of a payment made via CEFTS. All applicants should refer Section 8.3 of this Prospectus for details on payment modes.
It is the responsibility of the applicant to arrange for the payments in accordance with a permitted mode of payment under this Prospectus.
- Upon completion of the application and uploading the relevant supporting documents as detailed above, the applicant is prompted to the “Terms & Conditions” page. It is the responsibility of the applicant to read such terms and conditions in full prior to confirmation.
- Applicant can complete the application process by selecting ‘I Agree’ option on the “Terms & Conditions” page and confirming the submission.
- Upon submission of the application, an ‘In-App Reference Number” will be generated for future reference of the applicant. **This reference number shall be indicated on the sealed envelope in which the cheque or bank draft or bank guarantee is forwarded as per the instructions given in Section 8.2.7.2 of this Prospectus.**

Applicants who make the payments via cheque or bank draft or bank guarantee shall ensure to forward the same to the Registrars to the Offer, and the same should reach to the Registrars prior to 4.30 p.m. Local Time on the Offer Closing Date, as indicated in Section 8.2.7.2 of this Prospectus.

8.2.1.3 Applicant Categories

Retail Individual and Non - retail Investor Category

‘Retail Individual Investor’ in respect of this Offer shall mean an individual who submits an application for a maximum of 13,300 shares i.e. for a value of not more than LKR 100,000.

‘Non-Retail Investor’ is an Investor who does not fall under Retail Individual Investor Category and Unit Trust Investor Category.

Applicants falling under the **Retail Individual and Non-Retail Applicant Categories** can apply for the New Shares using the **Physical** Application Form, which constitutes part of this Prospectus. Further, **Individual Applicants** have the option of making an application via CSE Mobile App, subject to the instructions provided under Section 8.2.1.2 of this Prospectus.

Application Forms can be downloaded from the websites of www.cse.lk, www.chrisworld.com and www.atarahcapital.com. Such application forms will also be made available from the collection points listed in Annexure 5. Exact size copies of the Application form will also be permissible under the Retail Individual and Non-Retail Applicant Categories. The completed Physical Application Forms should be submitted to the Registrars to the Offer in accordance with Section 8.2.7.1 of this Prospectus.

All non-resident Applicants and Corporate Applicants should ensure that the passport number/company registration number is stated in the relevant cages of the Application Form.

Unit Trust Investor Category

‘Unit Trust Investors’ as defined by the SEC Directive dated June 06, 2011 (Ref: SEC/LEG/11/06/01), shall mean growth and balanced Unit Trusts operated by managing companies licensed under the SEC to operate such Unit Trusts, where such Unit Trusts comprises of not less than 500 Unit Holders resident in Sri Lanka, who together hold at least 50% of that Unit Trust.

Applications submitted under the Unit Trust Investor Category should accompany a confirmation by the trustee confirming that such Unit Trust is in conformity with the criteria defined by the SEC Directive dated June 06, 2011 (Ref: SEC/LEG/11/06/01) and relevant Rules set out under Rule 2.1.1 (g) of the CSE Listing Rules.

Applicants applying under the **Unit Trust Investor Category** should apply for the New Shares using the physical Application Form, which constitutes a part of this Prospectus. The Application Forms can be downloaded from the websites of www.cse.lk, www.chrisworld.com and www.atarahcapital.com and will also be made available from the collection points listed in Annexure 5.

Only one Application should be made by an Applicant under the Unit Trust Category.

Applicants applying under the Unit Trust Applicant category should submit their Application Forms directly to the Registrars to the Offer.

8.2.1.4 Instructions to All Applicants

Applicants of shares offered under this Prospectus should make note of the following:

- a) Applicants should apply through **one (1)** Applicant Category
- b) Only **one (1)** application either by using physical Application Form or via CSE Mobile App should be submitted by an applicant
- c) An Applicant of a Joint Application, applying through another Application, is deemed to have made multiple Applications and will be rejected.
- d) An Applicant who has made an Application under a margin trading account should not apply individually or jointly on a separate Application Form. Such Applications will also be construed as multiple Applications and will be rejected.

Subject to the above, the Company/Managers to the Issue/Registrars to the Offer reserve the right to reject multiple Applications and suspected multiple Applications which are not allowed or to accept only one Application Form at their discretion.

Notwithstanding any provision contained herein, the Board of Directors shall reserve the right to refuse any Application or to accept any Application in full or part, for whatsoever reason.

Please note that Applicant information such as full name, address, NIC number/passport number and residency will be downloaded from the database of CDS, based on the CDS account number indicated in the Application Form. Such information shall take precedence over information provided in the Application Form.

Care must be taken to follow the instructions on the reverse of the Application Form or in the CSE Mobile App. Applications that do not strictly conform to such instructions and additional conditions set out hereunder or which are illegible may be rejected.

All resident Applicants should indicate in the Application for Shares, their NIC number or the Company Registration number as the case may be, the passport number may be indicated only if the Applicant does not have an NIC number.

As per the Directive of the Securities and Exchange Commission made under Circular No. 08/2010 dated November 22, 2010 and Circular No. 13/2010 issued by the Central Depository System (Private) Limited (CDS) dated November 30, 2010, all Shares allotted must be directly uploaded to the CDS accounts. As such, all Applicants should indicate their CDS account number in the Application Form. Applicants who do not have a CDS account are advised to open a valid CDS account prior to submitting the Application, in order to facilitate the uploading of allotted Shares to their CDS account.

Please note that upon the allotment of Shares under this Offer, the allotted Shares would be credited to the Applicant's CDS account so indicated. **PLEASE NOTE THAT SHARE CERTIFICATES WILL NOT BE ISSUED.**

In instances where there is a discrepancy between the CDS account details provided in the Application Form and records held by CDS, the information held in the CDS account will take precedence in order to mitigate risk of transferring shares to an incorrect party.

Any Application which does not carry a valid CDS account number or indicates a number of a CDS account which is not opened at the time of the closure of the subscription list or which indicates an inaccurate/incorrect CDS account number, shall be rejected and no allotment will be made.

You can open a CDS account through any member/trading member of the Colombo Stock Exchange (CSE) as set out in Annexure 5, or through any Custodian Banks as set out in Annexure 6 of this Prospectus.

PLEASE NOTE THAT AN ALLOTMENT OF SHARES WILL ONLY BE MADE IF YOU HAVE A VALID CDS ACCOUNT AT THE TIME OF SUBMISSION OF APPLICATION.

Applicants have the option of having their Shares 'locked' in the CDS. Shares that are 'locked' will not be available for trading purposes and will not be visible to the participant. Such Applicants would have to fill in the relevant section in the Application Form for this purpose. If the Applicant has not specified that the Shares need to be deposited to his/her 'locked' balance in the CDS account, the said Shares would be deposited to Applicant's 'trading' balance in the CDS account.

Operation of a 'locked' balance in the CDS

In order to preserve the confidentiality of shareholder information and to ensure that securities are not made available for trading for those shareholders who do not want to trade the securities, the CDS provides a mechanism where securities can be 'locked' in the CDS account.

The CDS maintains two balances for each CDS account, namely a 'trading' balance and a 'locked' balance. The trading balance would be visible to the CDS participant and all dealings and trading would be permitted on the said trading balance, as done normally.

As opposed to the trading balance, the locked balance will not be visible to the CDS participant and all dealings on such locked balance would be suspended thereby maintaining the confidentiality of the information and also safeguarding the account holder from any unauthorized sale by a broker.

At the option and request of an account holder, the CDS would transfer a named quantity of securities from the locked balance to the trading balance of a CDS account and/or from the trading balance to the locked balance.

8.2.2 Identification Information

All Applicants should disclose their identification/ registration information by filling in the space provided in the Application Form issued for this purpose and individual applicants applying using the CSE Mobile App by completing the relevant fields therein. Individual applicants applying through CSE Mobile App are advised to follow the instructions provided under Section 8.2.7.2 of this Prospectus.

Applicants are requested to state their residency and nationality in the appropriate spaces provided in the Application Form.

The NIC, passport, or company registration number as the case may be, must be stated in the Application Form and any Application Form which does not provide the appropriate identification information will be rejected.

Resident Applicants may use the passport for purposes of identification only if they do not have a NIC number.

Tabulated below is the relevant identification information that a prospective Applicant should provide depending on the legal status:

Citizenship/Legal Form	Identification Information			
	NIC Number	Passport Number	Company Registration Number	Common Seal or Rubber Stamp
Sri Lanka Citizens	✓			
Sri Lanka Citizens with no NIC Number*		✓		
Foreign Citizens**		✓		
Corporate Entities***			✓	✓

** In the event Applicant/s are Sri Lankan citizens, the passport number will be accepted only when the NIC number is not available. The CDS account must be for the same passport number.*

*** Foreign citizens must state the passport number in the space provided.*

**** The company registration number must be provided. The common seal or rubber stamp should be affixed and the Application Form duly signed as stipulated in the constitutional documents of such Applicants.*

A valid CDS account number must be stated in the Application Form and any Application Form which does not provide the appropriate identification information will be rejected. All information about the Applicant (i.e. name, address, nationality and NIC or passport number) will be downloaded from the database of the CDS, based on the number given in the Application Form. In the event of any discrepancy between the information in the CDS and in the Application Form, the information in the CDS shall take precedence.

If the CDS account number is not indicated in the Application Form, or the number indicated in the form is found to be inaccurate/ incorrect, or the account number indicated is not opened at the time of closing the Offering, such Applications will be rejected and no allotments of Shares will be made.

8.2.3 Key Responsibility of a Non-Resident Applicant

Non-resident Applicants may be affected by the laws of the jurisdiction of their residence. If non-resident Applicants wish to apply for the Shares, it is their responsibility to comply with the laws relevant to the jurisdiction of their residence and of Sri Lanka.

8.2.4 Margin Trading

Applicants who wish to apply through their margin trading account should submit the Applications in the name of the “margin provider/Applicant’s name” signed by the margin provider.

ALL APPLICANTS APPLYING THROUGH A MARGIN TRADING ACCOUNT SHOULD APPLY ONLY USING THE PHYSICAL APPLICATION FORM.

The Applicants should state the relevant CDS account number relating to the margin trading account in the space provided for the CDS account number in the Application Form. The Shares shall be uploaded to the CDS account indicated in the Application Form.

The NIC, passport, or company registration number of the Applicant as the case may be, must be stated in the Application Form.

Resident Applicants may use the passport for purposes of identification, only if they do not have an NIC number.

A photocopy of the margin trading agreement must be submitted along with the Application.

Please note that the margin provider can apply under its own name and such Applications will not be construed as multiple Applications.

8.2.5 Applications made under Power of Attorney

In the case of Applications made under Power of Attorney (POA), a copy of the said POA, certified by a Notary Public to be a true copy of the original, should be lodged with the Registrars to the Offer along with the Application Form. The original POA should not be attached.

APPLICANTS APPLYING UNDER POWER OF ATTORNEY SHOULD APPLY ONLY USING THE PHYSICAL APPLICATION FORM.

8.2.6 Joint Applications

If the ownership of the Shares is desired in the name of one Applicant, full details should be given only under the heading, SOLE/FIRST APPLICANT in the Applicant Forms. In the case of joint Applicants, the signatures and particulars in respect of all Applicants must be given under the relevant headings in the Application Form.

Joint Application Forms are permitted only for natural persons not exceeding three Applicants. Joint Applicants should note that there should not be a combination of residents of Sri Lanka and non-residents. An Applicant of a joint Application shall not apply through a separate Application Form either individually or jointly.

APPLICANTS OF JOINT APPLICATIONS SHOULD APPLY ONLY USING THE PHYSICAL APPLICATION FORM.

8.2.7 Submission of Applications and Payments for Shares Applied

8.2.7.1 Submission of physical Application forms

Application Forms properly and legibly filled in accordance with the instructions thereof, along with the applicable remittance (cheque or bank draft or bank guarantee or RTGS transfers) for the full amount payable on Application should be enclosed in a sealed envelope marked “Chrissworld Limited – IPO” on the top left-hand corner and be addressed and dispatched by post or courier or delivered by hand to the Registrars to the Offer at the following address prior to 4.30 p.m. Local Time on the Offer Closing Date.

Central Depository Systems (Pvt) Limited
341/5, Ground Floor, M&M Center
Kotte Road,
Rajagiriya
Sri Lanka

Applications may also be handed over to the Financial Advisor and Manager to the Offer, members and trading members of the CSE as set out in Annexure 5 prior to 4.30 p.m. Local Time on the Offer Closing Date.

In the case of Applications dispatched by courier or post, such Applications should reach the Registrars to the Offer no later than 4.30 p.m. Local Time on the Market Day immediately following the Offer Closing Date. Any Applications received after the above deadline shall be rejected even though the courier or post mark is dated prior to the Offer Closing Date.

Applicants applying under the Unit Trust Applicant category should submit their Application Forms directly to the Registrars to the Offer.

8.2.7.2 Submission of cheques, bank drafts or bank guarantees for Applications made via CSE Mobile App

Individual applicants that have made an application via CSE Mobile App as detailed under Section 8.2.1.2 shall ensure that their remittance i.e. cheque or bank draft or bank guarantee for the full amount payable on Application is forwarded to the Registrars to the Offer. The said cheque or bank draft or bank guarantee shall be sent in a sealed envelope marked “Chrissworld Limited – IPO” stating the “**In-App Reference Number**” generated via the CSE Mobile App on the top left-hand corner and be addressed and dispatched by post or courier or delivered by hand to the Registrars at the following address prior to 4.30 p.m. Local Time on the Offer Closing Date.

Central Depository Systems (Pvt) Limited
341/5, Ground Floor, M&M Center
Kotte Road,
Rajagiriya
Sri Lanka

8.3 Payment of Application Monies

8.3.1 Mode of Remittance

- (a) Payment in full for the total value of Shares applied for should be made separately in respect of each Application either by cheque or bank draft or bank guarantee drawn upon a Licensed Commercial Bank operating in Sri Lanka or via an electronic fund transfer mechanism recognized by the banking system in Sri Lanka, as the case may be, subject to (b) and (c) below. **An application should accompany with ONLY one cheque or bank draft or bank guarantee or an electronic fund transfer.** The remittances on Applications will be deposited in a separate bank account in the name of “Chrissworld Limited – IPO”.
- (b) Payments for Applications for Shares may be supported by a cheque or bank draft or bank guarantee on the Offer Opening Date. In such instances, Application Forms should be accompanied by only one cheque or bank draft or bank guarantee and should be issued for the full amount indicated in the Application Form. Any Application for Shares accompanied by two or more cheques or bank drafts or bank guarantees will be rejected at the outset.

However, bank guarantees are permitted only for applications with a value inclusive and above LKR 10,000,000/-

- (c) Payments in respect of applications submitted may also be made via an electronic fund transfer mechanism recognized by the banking system in Sri Lanka namely CEFTS or RTGS transfers made in favour of the bank account “Chrissworld Limited – IPO”, bearing account number **1000401101** opened at Commercial Bank of Ceylon PLC – Foreign branch, with the value on the Issue Opening Date (i.e. the funds to be made available to the above account on the issue opening date). **However, CEFTS transfers are permitted only for applications made via CSE Mobile App with a value of or below LKR 5,000,000/-**

However, RTGS transfers are permitted only for applications with a value above LKR 5,000,000/-

Such fund transfers should be made for the full amount indicated in the Application. Any Application for Shares supported by two or more CEFTS or RTGS transfers will be rejected at the outset.

Please note that the general customer charges of the commercial banks will apply for such electronic fund transfers and to be borne by the applicants.

- (d) The amount payable should be calculated by multiplying the number of Shares applied for under a particular category by the Share Offer Price of LKR 7.50. If there is a discrepancy in the amount payable and the amount specified in the cheque/bank draft, bank guarantee or in the remittances made via an electronic fund transfer mechanism, the Application will be rejected.

Cash will not be accepted. Anyone wishes to pay cash should obtain a bank draft from a Licensed Commercial Bank in Sri Lanka.

Bank codes and branch codes could be obtained from the following website:

<https://www.lankaclear.com/downloads/bank-branch-directory/>

8.3.2 Remittance by Resident Sri Lankan Applicants

8.3.2.1 Cheques or Bank Drafts

Cheques or bank drafts should be drawn on any Licensed Commercial Bank in Sri Lanka and crossed “Account Payee Only” and made payable to “Chrissworld Limited – IPO”.

Cheques or bank drafts accompanying Application Forms made for less than 100 Shares, i.e. for a value of less than Sri Lankan Rupees Seven Hundred and Fifty (LKR 750/-) or for a number which is not in multiples of One Hundred (100) Shares will not be sent for clearing and shall be returned via ordinary post at the risk of the Applicant, or in the case of Joint Applicants, to the first named Applicant.

In the event that cheques are not realized within two (02) Market Days from the date of presenting the same to the bank for clearing, the Directors reserve the right to reject the Applications and return the Application monies. No allocation of Shares will be made to such Applicants.

Applicants residing in outstation areas from which cheque clearance may take over two (02) Market Days are advised to make payment via bank drafts to avoid any delays.

Cheques must be honored on the first presentation to the bank for the Application to be valid. Applications supported by cheques that are not honored on first presentation will be rejected.

8.3.2.2 Bank Guarantees – for applications with a value inclusive and above LKR 10,000,000/-

Applications made by resident Sri Lankan investors backed by bank guarantees (only for applications with a value inclusive and above LKR 10,000,000/-), presented in line with the requirements set out in Section 8.3.1 will be accepted. Bank guarantees will be presented to the respective banks only after the New Shares have been allotted. Bank guarantees should be issued by any Licensed Commercial Bank in Sri Lanka and in favour of “Chrissworld Limited – IPO” in a manner acceptable to the Company and payable on demand.

Bank guarantees should be valid for a minimum of One (01) month from Offer Opening Date (i.e. 27th April 2021)

Applicants are advised to ensure that sufficient funds / facilities are available in order to honour the bank guarantees, inclusive of charges when called upon to do so by the Registrars to the Offer. It is advised that the Applicants discuss with their respective bankers on matters with regard to the issuance of bank guarantees and all charges involved. All expenses with regard to such bank guarantees should be borne by the Applicants.

8.3.2.3 Electronic Fund Transfers

An applicant who wishes to remit the funds by way of an electronic fund transfer mechanism recognized by the banking system of Sri Lanka may do so in the manner specified below.

All resident applicants applying via physical application form or via CSE Mobile App - for application value above LKR 5,000,000

By way of an RTGS transfer, for the amount payable in full on the application value should be remitted in favour of the bank account “Chrissworld Limited – IPO”, bearing account number **1000401101** opened at Commercial Bank of Ceylon PLC – Foreign branch, with the value on the Issue Opening Date.

The Applicants should obtain a confirmation from the Applicant's bank, to the effect that arrangements have been made to transfer payment in full for the total value of Shares applied for to the credit of "Chrissworld Limited – IPO", bearing account number **1000401101** opened at Commercial Bank of Ceylon PLC – Foreign branch with the value on the Issue Opening Date.

Resident Individual applicants applying via CSE Mobile App for application value below LKR 5,000,000

By way of a **CEFTS** transfer for the amount payable in full on the application value should be remitted in favour of the bank account "Chrissworld Limited – IPO", bearing account number **1000401101** opened at Commercial Bank of Ceylon PLC – Foreign branch, with the value on the Issue Opening Date.

It is the responsibility of the applicant to make available, sufficient funds in their bank accounts for fund realization on the issue Opening date. In the event funds are not made available as above, the application will be rejected without an allotment and money will be refunded to the Applicant.

8.3.3 Foreign Currency Remittances

This section is applicable to;

- Citizens of Sri Lanka who are above 18 years of age and resident overseas;
- Corporate bodies incorporated or established outside Sri Lanka; Regional or country funds approved by the SEC; and
- Foreign citizens (irrespective of whether they are resident in Sri Lanka or overseas) who are above 18 years of age.

The abovementioned Applicants should make their payments in the following manner:

A foreign Applicant must invest through an "Inward Investment Account" (IIA) maintained with any Licensed Commercial Bank in Sri Lanka. The procedure for arranging payments through an IIA is presented below;

- a. A Foreign Applicant may use the services of a custodian bank as an intermediary when investing in the Sri Lankan securities market;
- b. In conjunction with the IIA, an account with the CDS must be opened in case the Applicant does not already have a valid CDS account;
- c. In respect of regional or country funds investing for the first time in Sri Lanka, the intermediary will facilitate the approval process regulated by the SEC;
- d. Payment for Shares should be made through a cheque or bank draft or bank guarantee or an electronic fund transfer (refer section 8.3.2.3 for details) against the funds arranged through the IIA and made payable to "Chrissworld Limited –IPO".

Cheques or Bank drafts or bank guarantees or electronic fund transfers should be endorsed by the issuing custodian bank, to the effect that arrangements have been made to facilitate such payment to be made against funds available in the Applicant's IIA account. The endorsement must be clearly indicated on the cheque or bank draft or bank guarantee. Alternatively, a document detailing the endorsement could be submitted along with the payment and Application.

Any refund payments to Foreign Applicants are made in terms of Section 8.8 of this Prospectus.

Applications supported by foreign currency remittances should be made in conformity with requisite declarations, accompanied by the documentation stipulated by the Director of the Department of Foreign Exchange.

8.3.4 Restrictions Applicable to Foreign Citizens Resident in Sri Lanka

Foreign citizens resident in Sri Lanka may make payments through Sri Lanka Rupee Accounts, only if they possess dual citizenship where one such citizenship is Sri Lankan. Foreign citizens having Sri Lankan citizenship should attach a certified copy of the citizenship certificate with the Application Form.

Foreign citizens residing in Sri Lanka having valid residency visas should note that they cannot make remittances via cheques or bank drafts drawn upon Sri Lanka Rupee accounts maintained with any Licensed Commercial Bank in Sri Lanka but may do so via an IIA account as detailed in Section 8.3.3 above. Applications made by foreign citizens not in accordance with the foregoing shall be rejected.

8.4 Rejection of Applications

- Application Forms which are incomplete in any way and/or are not in accordance with the terms and conditions set out in this Prospectus will be rejected at the absolute discretion of the Company, Manager or Registrars to the Offer.
- Any Application Form which does not provide the NIC, passport (where NIC is not available) or company registration number as the case may be, will be rejected.
- Applications delivered by hand after 4.30 p.m. Local Time on the Offer Closing Date will be rejected. Applications received by courier/post after 4.30 p.m. Local Time on the succeeding Market Day immediately following the Offer Closing Date, will also be rejected even if they carry a courier acceptance date/postmark date earlier than the Closing Date.
- Applications made for less than One Hundred (100) Shares or for a number which is not in multiple of One Hundred (100) Shares will be rejected.
- **An Application which does not carry a CDS account number or indicates a number of a CDS account which is not opened at the time of the closure of the subscription list (either at the time fixed for closing or on the date on which the Offering is subscribed), or which indicates an inaccurate/incorrect CDS account number, shall be rejected and no allotment of Shares will be made.**
- Application Forms stating third party CDS accounts instead of their own CDS account numbers, except in the case of margin trading accounts, will be rejected.
- Applicants should apply only through one Applicant category and would be permitted to submit only one Application either using a physical Application Form or via CSE Mobile App. Two or more Applications submitted by the same Applicant either under the same category or different categories will be construed as multiple Applications and will be rejected.
- In the event of an application via CSE Mobile App that has uploaded inaccurate supporting documents either for identification information or as payment details, will be rejected
- The company reserves the right to reject multiple Applications and suspected multiple Applications.
- Payment for Applications accompanying two or more cheques or bank drafts or bank guarantees or RTGS transfers as mentioned in Section 8.3.1 will be rejected at the outset.
- Payment for Applications made via two or more electronic fund transfers will also be rejected.
- Applications made by individuals below 18 years of age or those in the names of sole proprietorships, partnerships, unincorporated trusts and non-corporate bodies will be rejected.

Notwithstanding any provision contained herein, the Board of Directors shall reserve the right to refuse any Application or to accept any Application in full or part for any reason.

8.5 Banking of Payments

All cheques or bank drafts or bank guarantees received in respect of Applications will not be banked or called on until the Market Day after the Closure Date of the Subscription List, in terms of the CSE Listing Rules.

8.6 Returning of Monies on Rejected Applications

Where an Application Form is rejected at the outset, the cheque or bank draft or bank guarantees received in respect of the Application will be returned via ordinary post at the risk of the Applicant. In the case of Joint Applicants, the cheque or bank draft received in respect of the Application will be returned to the first named Applicant.

Where the Application Form is accepted and the cheque or bank draft or bank guarantee is not honored by the bank at the first presentation, the Application will also be rejected and the dishonored cheque or bank draft will be returned via ordinary post at the risk of the Applicant. In the case of Joint Applicants, the dishonored cheque or bank draft will be returned to the first named Applicant.

8.7 Basis of Allotment

The allotment of the Shares offered under this Prospectus will be carried as set out below:

Applicant Category	Percentage of Offer
Unit Trusts *	10%
Retail Individual	40%
Non-Retail	50%

* Unit Trust Applicants should be growth or balanced unit trusts operated by managing companies licensed by the SEC, where such unit trusts comprise of not less than 500 unit holders resident in Sri Lanka who together hold at least 50% of that fund as per the Direction issued by the SEC (Ref: SEC/LEG/11/03/36 of 10 March 2011). Only one Application should be made under each category.

Local and foreign individual Applicant/s who applies for up to a maximum of 13,300 Shares (value of not more than LKR 100,000) will be deemed as Retail Individual applicants for share allotment purposes.

Investors who do not fall under the Retail Individual Investor Category and Unit Trusts Investor Category stated above will be deemed as Non-Retail investors for share allotment purposes.

In determining the basis of allotment within the Retail Individual Investor Category, investors who subscribe for a smaller number of shares shall be given priority.

In the event of an under-subscription in the Unit Trust Applicant category, the Retail Individual Applicant category shall be given first priority, in allotment of the undersubscribed Shares.

In the event of an under-subscription in the Retail Individual Applicant category, the Unit Trust Applicant category shall be given first priority, in allotment of the undersubscribed Shares.

In the event of an under-subscription in the Non-Retail Applicant category, Retail Individual Applicant category will be given first priority followed by Unit Trust Applicant category in the allotment of the undersubscribed Shares.

Minimum subscription will be allotted to all successful applicants.

Redistribution will not apply in the event of an oversubscription or undersubscription in all three categories stated above.

In the event of an over subscription of any one or all three categories mentioned above, the basis of allotment will be decided by the Board of Directors of the Company in a fair and equitable manner.

Subject to the above, the Board of Directors of the Company will endeavor to decide the basis of allotment as soon as practicable, so as to ensure compliance with the CSE Listing Rules. Upon the basis of allotment being decided, an announcement will be made to the CSE.

8.8 Refunds on Applications

Where an Application is accepted only in part or rejected in its entirety subsequent to cheques being realized, the balance/entirety of the monies received on Application as the case may be, will be refunded, such refunds will be made on or before the expiry of eight (8) Market Days from the Closure Date (excluding the Closure Date) as required by the CSE Listing Rules. In terms of Section 2.4(l) of the CSE Listing Rules, Applicants would be entitled to receive interest at the rate of last quoted Average Weighted Prime Lending Rate (AWPLR) published during the immediately preceding week by the Central Bank of Sri Lanka or any other authority (in the event Central Bank of Sri Lanka ceases to publish the AWPLR) plus five per centum (5.00%) for the delayed period on any refunds not made by the expiry of the aforementioned period.

In the event accurate bank account details are provided by an applicant, refunds will be made to such bank account via an electronic fund transfer mechanism identified by the banking system in Sri Lanka (SLIPS, RTGS etc.). Refunds via SLIPS however is subject to a maximum of LKR 5,000,000/-.

In the event of refunds over Rupees Five Million (LKR 5,000,000/-), the Bankers to the Issue will make refund payments via RTGS transfers to the bank account specified by the Applicant.

In the absence of bank account details, refunds will be made via a crossed cheque drawn in favour of the applicant and sent by ordinary post at the risk of the Applicant. In the case of a Joint Application, a crossed cheque will be drawn in favor of the Applicant whose name appears first in the Applicant Forms.

8.9 Successful Applicants and CDS Lodgments

The Company will credit the investors' CDS accounts with the offered shares allotted within a period of twelve (12) Market Days from the date of closure of the subscription list, as required by the CSE. A written confirmation informing successful Applicants on their allotment of Shares will be dispatched within two (2) Market Days of crediting the CDS Accounts.

Upon allotment, new Shares shall not be transferable by the shareholders during the period between the date of allotment of the New Shares and up to the date of listing (excluding the date of listing) of the Shares on the CSE.

8.10 Declaration to the CSE and Secondary Market Trading

The Company will submit to the CSE a “Declaration” on the Market Day immediately following the day on which the Applicants’ CDS accounts are credited with the Offered Shares. As per the CSE Listing Rules, Trading of the Ordinary Shares on the secondary market will commence on or before the third (3rd) Market Day from the receipt of the Declaration by the CSE.

9.0 CAPITAL STRUCTURE

9.1 Stated Capital

The Stated Capital of the Company comprises of only Ordinary Voting Shares and details are as below:

Description	31-Jan-2021	31-Mar-2020	31-Mar-2019	31-Mar-2018
Number of Shares	22,500,000	2,250,000	600,000	600,000
Stated Capital (LKR)	22,500,000	22,500,000	6,000,000	6,000,000

The Company carried out a sub-division of entirety of the Ordinary Voting Shares in issue, in the proportion of every one (1) share being sub-divided into ten (10) shares without any change to the stated capital. The said sub-division was effected on 15th August 2020 in accordance with the provisions of Article 4 A (i) of the Articles of Association of the Company (replaced by Article 12 (1) (b) in the new Article of association).

There are no changes to the number of shares and Stated Capital subsequent to 31st January 2021 hence stands unchanged as of the date of this Prospectus.

Holders of the Ordinary shares of the Company have the right to one vote on a poll at a meeting of the Company on any resolution, the right to an equal share in dividends paid by the Company and the right to an equal share in the distribution of the surplus assets of the Company in liquidation.

Please refer Section 6.5 of this Prospectus for the details of existing shareholders of the Company.

In the event of a full subscription of the Offered shares, the stated capital of the Company will increase to LKR 76,350,000 (post-settlement of IPO expenses) represented by 30,000,000 Ordinary Voting Shares.

9.2 Details of share allotments during the period of 2 years prior to the date of Initial Listing Application

The Company has carried out a conversion of related party payables of LKR 6,500,000 into equity at a consideration of LKR 10/- per share on 1st March 2020 resulting in 650,000 new Ordinary Voting Shares.

On 31st March 2020, the Company has converted a further sum of LKR 10,000,000 which were payable to related parties into equity by issuing 1,000,000 new Ordinary Voting shares at a consideration of LKR 10/- per share.

Details of above share allotments are as follows:

Date	Name of the Shareholder	Number of shares allotted
1 st March 2020	Chrisslogix (Pvt) Ltd	650,000
31 st March 2020	Mr. Christopher A.M. Perera	400,000
	Mr. Sithira Wickramasekera	300,000
	Mr. S. A. D. Niranjana Suraj	300,000

Above information are given prior to share sub-division which has been carried out subsequent to these allotments as detailed in section 9.1 above

These share allotments were carried out by the Company to appropriately capitalize the Company and reduce the liabilities without incurring a cash outflow. The said conversion of liabilities facilitated a balance sheet

restructure and was also required as a remedial action to overcome the serious loss of capital situation that prevailed at that time. Such liabilities converted to equity were the amounts payable to related parties on behalf of services provided to CWL, and financial assistance granted over a period of time. Hence, it was the opinion of the Company that it is in the best interest of the Company to convert an amount of LKR 16.5 Mn into equity.

9.3 Details of share transfers carried out during the period of past 2 years prior to the date of the Initial Listing Application

Following share transfers have taken place during the past two years immediately preceding the date of the initial listing application.

Date	Transferor	Transferee	Number of shares
7 th December 2019 ¹	Chrisslogix (Pvt) Ltd	Mr. Christopher A.M. Perera	240,000
		Mr. Sithira Wickramasekera	180,000
		Mr. S. A. D. Niranjana Suraj	180,000
30 th March 2020 ²	Chrisslogix (Pvt) Ltd	Mr. Christopher A.M. Perera	260,000
		Mr. Sithira Wickramasekera	195,000
		Mr. S. A. D. Niranjana Suraj	195,000
1 st July 2020 ³	Mr. Christopher A.M. Perera	Chrisslogix (Pvt) Ltd	870,000
		Mr. Shanaka Lansakara	15,000
		Mr. D. Dilan L. Nanayakkara	15,000
	Mr. Sithira Wickramasekera	Chrisslogix (Pvt) Ltd	652,500
		Mr. Shanaka Lansakara	11,250
		Mr. D. Dilan L. Nanayakkara	11,250
	Mr. S. A. D. Niranjana Suraj	Chrisslogix (Pvt) Ltd	652,500
		Mr. Shanaka Lansakara	11,250
		Mr. D. Dilan L. Nanayakkara	11,250

All the above share transfers were made at a consideration of LKR 10/- per share.

Number of shares and consideration provided herein are prior to share subdivision carried out subsequent to these transfers as detailed in section 9.1 above

¹ This represents the transfer of 600,000 shares being the total number of shares that were in issue at the time of the transfer

² Transfer referred herein represents 650,000 shares which has been initially allotted to Chrisslogix (Pvt) Limited (on 1st March 2020) as detailed in Section 9.2 above.

³ A transfer of 2,250,000 shares being the entirety of the shares held by the transferors, which also include 1,000,000 shares allotted on 31st March 2020 as detailed in Section 9.2 above

Please refer section 9.5 of this Prospectus for details of locked-in shares, and for full details of applicability of 'lock-in' Rules in the Listing Rules on the share allotments and transfers mentioned in Section 9.2 and 9.3 above.

9.4 Shareholding details of the Company pre and post - IPO

Name	Pre IPO		Post IPO	
	No. of Ordinary Voting Shares	%	No. of Ordinary Voting Shares	%
Existing Shareholders	22,500,000	100.00%	22,500,000	75.0%
IPO Shareholders	-	-	7,500,000	25.0%
Total	22,500,000	100.00%	30,000,000	100.00%

9.5 Details of shares locked-in

In term of Rule 2.1.1 (d) of the CSE Listing Rules Shares referred in the below table are subject to a lock-in. As such these shares would not be available for secondary market trading on the CSE upon listing and until the lock-in period is completed.

Shares Locked in – Pre IPO

Category of Shareholders (Pre-Listing)	Locked-in Shares	The Months after which the Shares will be Available for Trading	No. of Shares*	No. of Shares as a percentage of Total Number of Shares in Issue (Pre-Listing)
Non-Public	Shares acquired by way of a transfer within the 12 months period prior to the date of the Initial Listing Application which are adjusted for sub-division* - Locked-in	12 months from the date of sub-division or 6 months from the date of listing whichever is longer	6,000,000	26.67%
Non-Public	Shares allotted within the 12 months period prior to the date of the Initial Listing Application which are adjusted for sub-division* - Locked-in	12 months from the date of sub-division or 6 months from the date of listing whichever is longer	16,500,000	73.33%
Total			22,500,000	100.00%
The Company hereby confirms that the information furnished herewith shall remain unchanged until the Date of Listing.				

* Number of shares given herein are the current number of shares subsequent to the sub-division of shares as detailed in Section 9.1 of this Prospectus.

An application has been submitted to the SEC to obtain approval under Section 28A of the SEC Act in respect of shares allotted within the 12 months period prior to the date of initial listing application. The said approval has been granted by the SEC and the conditions imposed for share lock-in are as below:

- (i) Any shares issued and or transferred during last twelve (12) months to be subjected to a locked-in period of six (6) months from the date of listing the shares of the entity or twelve (12) months from the date of acquisition of such shares, whichever is longer.
- (ii) Any shares arising from share split to be locked-in for a period of six (6) months from the date of listing the shares of the entity or twelve (12) months from the date of subdivision of such shares, whichever is longer.

In compliance with the above conditions and the share sub-division being the last instance that caused the increase in the entirety of the shares, which also include the shares issued and transferred within the 12 months period prior to the date of the initial listing application, the total number of shares in issue are considered for locked-in for a period of six (6) months from the date of listing the shares of the entity or twelve (12) months from the date of sub-division of such shares, whichever is longer.

Shares locked-in Post IPO – Below information is provided assuming a full subscription of shares offered via this Prospectus

Category of Shareholders (Post-Listing)	Locked-in Shares	The Months after which the Shares will be Available for Trading	No. of Shares	No. of Shares as a percentage of Total Number of Shares in Issue (Post-Listing)
Non-Public	Shares acquired by way of a transfer within the 12 months period prior to the date of the Initial Listing Application which are adjusted for sub-division* - Locked-in	12 months from the date of sub-division or 6 months from the date of listing whichever is longer	6,000,000	20.0%
Non-Public	Shares allotted within the 12 months period prior to the date of the Initial Listing Application which are adjusted for sub-division* - Locked-in	12 months from the date of sub-division or 6 months from the date of listing whichever is longer	16,500,000	55.0%
Public – IPO shares	Not locked-in	N/A	7,500,000	25.0%
Total			30,000,000	100.0%

The Company hereby confirms that the information furnished herewith shall remain unchanged until the Date of Listing.

** Number of shares given herein are the current number of shares subsequent to the sub-division of shares as detailed in Section 9.1 of this Prospectus.*

For the purpose of determination of the locked-in period for shares as per Rule 2.1.1 (d) of the CSE Listing Rules, Non-public and Public shareholders have been identified according to the definition provided under Section 2.1.1 of the CSE Listing Rules.

It should be noted that there is no minimum public holding requirement applicable for the Company since a listing is sought on the Empower Board of the CSE.

No change to the current shareholding will take place from the date of Initial Listing Application to the date of listing, other than the shares to be allotted for subscribers as contemplated via this Prospectus.

9.6 Free transferability of shares

Upon the Ordinary Shares being listed on the CSE, such Shares shall be freely transferable except for those Shares mentioned in Section 9.5 of this Prospectus which will be locked-in as detailed therein.

9.7 Other Securities

The Company has not issued any convertible debt securities or any other class of shares or securities other than the Ordinary Voting shares stated in this Prospectus. Further, there are no securities of the same or other class subscribed or sold privately in conjunction with this IPO.

9.8 Takeover Offers

There have been no takeover offers by third parties in respect of the Company's shares during the past two years and no takeover offers have been made by the Company in respect of shares of third parties.

10.0 OTHER INFORMATION

10.1 Degree of Dependence on Customers, Borrowers or Suppliers

The Company's main client at present is a Company involved in telecommunication related projects in Sri Lanka that contributes approximately 55% of the total revenue (in March 2021).

It is reasonably estimated that the dependency on this client is bound to reduce to approximately 25% - 30% of the total revenues in FY 2021/22 and thereafter due to the completion of major part of their operations in Sri Lanka in 2021, together with revenue contributions from other clients.

Apart from the above, the Company is not dependent on any other specific Customer, Supplier or a Borrower.

10.2 Dividend Policy

The Company may, subject to the provisions of the Articles of Association and the Companies Act No. 07 of 2007, make dividend payments by way of dividends to its shareholders by distribution of profits made from time to time. The extent of the dividend distributions would depend on the level of profits, future capital requirements and availability of liquid funds etc. Ordinary Voting shareholders of CWL rank equal and *pari passu* in respect of dividend distributions.

The Company has paid a total dividend of LKR 3,000,000 in respect of Ordinary Voting shares for the financial year ended 31st March 2020 where the per share dividend value adjusted for sub-division of shares is LKR 0.133.

10.3 Details of debt, loan capital and borrowing

- a) As of the date of this Prospectus, CWL has not issued any debt securities or convertible securities.
- b) Details of the loans and other borrowings of the Company as of 31st January 2021 (unaudited) are as follows:

Lender/ Party	Amount Borrowed/ Facility Limit (LKR)	Outstanding amount (LKR)*	Terms of the loan
Sampath Bank PLC	10,000,000	6,710,451	5 years loan with interest of 10.5% p.a.
Loans due to Director – Mr. S.A.D. Niranjana Suraj	10,000,000	9,633,785	On demand with interest of 12.5% p.a.
Sampath Bank PLC*	6,500,000	6,028,086	5 years loan with interest of 12% p.a.
Moratorium loan – Sampath Bank PLC *	2,400,000	2,266,500	2 years with interest of 4% p.a.
Bank Overdraft (O/D) - Sampath Bank PLC	O/D limit of LKR 10,000,000	14,371,164	Revolving facility with interest of 10% p.a. & 15% p.a. overlimit
Total		39,009,986	

* These loans were obtained by the Company and given to Chrisslogix (Pvt) Limited and Chrissleisure (Pvt) Limited at the same terms where such amounts are also receivables from these two companies. Therefore, the interest and capital repayments are recovered from those two companies and both interest expense and

interest income are recognized in the Income statement in accordance with Gazette Notification No 1857/8 relating to LKAS 39 from FY 2020/21 where ultimate impact is nil. It was the practice of the Company to recognize these amounts through inter-company accounts in FY 2019/20 however; this is only in respect of the loan that existed at that time amounting to LKR 6.5 Mn obtained in February 2020.

There are no mortgages or charges on Company's assets for these borrowings or in other forms as at the date of this Prospectus.

Apart from the above, there are no any other liabilities under acceptance (other than normal trading bills) or acceptance credits as at the date of this Prospectus.

- c) As at the date of this Prospectus there are no Leasing, lease purchase and hire purchase commitments.
- d) As at the date of this Prospectus, the Company has not provided guarantees to any party.

10.4 Litigation, Disputes and Contingent Liabilities

As at the date of this Prospectus there are no

- a) legal, arbitration or mediation proceedings which may have or have had in the recent past significant effects on the Company's financial position.
- b) penalties imposed by regulatory and state authorities.
- c) contingent liabilities that would affect current and future profits of the Company.

10.5 Management Agreements

There are no management agreements presently in force or currently being considered by the Company.

10.6 Material Contracts

There are no material contracts entered into by the Company other than those contracts entered into in the ordinary course of business.

10.7 Details of Commissions Paid

No commission has been paid in the two (02) years preceding the Offer or payable for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any Shares of the Company.

10.8 Details of Benefits Paid to Promoters

No benefit has been paid or given within the two (02) years preceding the Offer and there are no benefits intended to be paid or given to any promoter.

10.9 Statements by Experts

Prior to the delivery of a copy of the Prospectus for registration, the Manager to the Issue has not withdrawn their written consent to include the Research Report in the Prospectus.

Prior to the delivery of a copy of the Prospectus for registration, Auditors and Reporting Accountants to the Offer has not withdrawn their written consent to include the Accountant's Report and Five-Year Summary in the Prospectus.

11.0 INVESTMENT CONSIDERATIONS AND ASSOCIATED RISK FACTORS

Risk Factors

Prior to investing in the Offered Shares, prospective applicants should pay particular attention to the fact that the Company and its business activities are subject to a number of risk factors which may be within or outside the control of the Company.

The risk factors that follow may be considered material to applicants in making an informed judgment on the Company. If any of the considerations and uncertainties given below develops into actual events, the Company's business, financial conditions or results of operations and prospects could be adversely affected. However, given the importance of the industry in which the Company operates, and due to strategic initiatives employed by the Company, the business operations of the Company are expected to become sustainable in the foreseeable future.

Risks Related to the 3PL Industry

Supply/ Demand fluctuation – Entire logistics industry is driven by the supply and demand created for goods since the industry links the providers and end users to fulfill their requirements. 3PL service providers are also a part of this chain hence the storage and handling operations have a direct impact from the demand and supply. These fluctuations have an impact on returns of the business and businesses that have the flexibility in cost structures are able to better manage any downside risks.

Loss/ damage to the cargo – it is natural that stored or transit cargo could be lost or damaged due to intentional or natural disasters. Possible causes could be by stealing goods, negligence in handling, damage due to fire, floods etc. As 3PL service providers are responsible for proper management of third-party cargo, such losses create negative monetary and reputational impact. In order to mitigate these risks, service providers resort for insurance policies that adequately cover the losses while internal security and procedural controls are implemented to prevent intentional threats.

Risks Related to Business Operations of the Company

Fluctuation in Volumes Stored/ Handled – It is an inherent feature in the warehousing business that volumes handled do fluctuate according to the requirements of clients. As a result, the revenues of the Company are subjected to ups and downs. Having a broader clientele covering different industry verticals could mitigate this revenue volatility. In addition, given that the company has outsourced key resources such as man power, it provides the flexibility to reduce such costs when there are drops in volumes.

Third party Owned warehouses – All of the warehouses used by the Company are obtained on rent basis from the landlords. Therefore, in the event a landlord requires the warehouse to be returned, CWL is required to seek another suitable premise to move the cargo. This could lead to a disruption to business until another property is obtained on rent basis and stocks moved to the new location, which also incur additional costs of loading, unloading and transportation. As per the rent agreements, a termination clause is provided which require 3 months' notice to be given by the landlord to the Company in the event the warehouse to be returned, which enables the Company to effectively plan for alternatives and to minimize the extra costs.

Potential discontinuation of services obtained by clients within the period of agreement – Clients that obtain storage and related facilities could discontinue the services obtained by them due to a non-compliance by CWL

with required standards. In such circumstances the Company would lose corresponding revenues from such clients.

To ensure compliance standards required by the regulators or clients are properly followed, CWL maintain best warehousing practices, conduct on-site reviews with major clients on a quarterly basis, thus any non-compliance are rectified to avoid termination of services.

Macroeconomic risks

Contraction in economies – since logistics is a support service for effective operation of manufacturing and trading activities, drops in demand for goods, raw material etc. due to economic recession has a direct impact on the business. This could lead to lower level of cargo storage and reduction in inventory handling operations. These types of risks are not within the control of the Company; however a persistent economic recession can cause long term revenue declines and shrink the margins.

Impact of COVID-19 pandemic on world economy

The impact of COVID 19 outbreak on the world economy is yet to be known, although International Monetary Fund anticipates a 3.5% contraction in the global economy in 2020 (International Monetary Fund Report - World Economic Outlook Update – January 2021). As already evidenced, the pandemic has delivered a hit to the demand for goods/ materials thus logistics companies are directly affected as their major exposure is to manufacturing and trading clients.

Amidst the lock downs and disruptions to businesses worldwide, logistics service is still a key to maintain the supply of essential goods such as medicines, medical equipment, and foods to different parts of the globe. In such circumstances, 3PL logistics companies are adopting various strategies in response to the uncertainties by focusing on essential services as mentioned herein and cost reductions to ensure businesses are continued. On the other hand, clients would seek for multiple locations to store goods to avail themselves for alternate access to goods in the event a particular area is not accessible due to a lockdown.

CWL has also experienced the negative impact due to the Pandemic where results in the FY 2020/21 have been below the budgeted levels. Overhead Cost management is a key measure adapted by the Company to manage this situation and reduce the impact on net earnings. However, as the entire world is adjusting to 'new normalcy' and recent developments in vaccination programs, CWL expects economic activities to recover gradually from 2021 onwards, resulting better performance achieved by the Company.

Risks Related to the IPO and Secondary Market Trading

Nonexistence of Prior Market for the Shares: Prior to the IPO there has been no public market for the Company's Shares. There can be no assurance that an active trading market for the Shares will develop or if developed, will be sustained, or that the market price of the Shares shall not decline below the Share Offer Price. The Share Offer Price may not be indicative of the market price for the Company's Shares after completion of the IPO.

SME sector company investment considerations - It is a general perception that the risk is greater for a relatively smaller size business as compared to a company with a significant capital investment, asset base and a market presence etc. As such, potential for success for a company classified as a SME is evaluated taking into consideration of quantitative factors such as capital/ assets base, market share etc. and the qualitative factors such as strengths of the management, business development strategy, Corporate Governance structures etc. Therefore, investors are advised to make an appropriate assessment of these factors and associated risks when making an investment decision.

From the Company's perspective, the qualified and vastly experienced management team is a key strength that will enable continuing efforts to acquire new clients, therefore will assist them to sustain business operations in the long run in a successful manner. In addition, with the full revenue recognition from its services as detailed in Section 6.3.1 of the Prospectus, the financial position is also gradually improving, which will take the Company towards stability in the long run.

Price Volatility in the Secondary Market: The price of the Shares may fluctuate due to and not limited to the following; Variations in operating results, changes in the operating environment, and transitions in the regulatory front, strategic alliances or acquisitions, industrial or environmental laws, macroeconomic factors, and external events. Price of Shares may follow General Applicant sentiment prevalent in the market at any given time. In addition, the price of the Shares in the market will fluctuate as a result of share trading volumes.

12.0 STATUTORY DECLARATIONS

Statutory Declaration by the Directors

30th March 2021

We the undersigned, who are named in the Prospectus as Directors of Chrissworld Limited, hereby declare and confirm that we have read the provisions of the CSE Listing Rules and of the Companies Act No. 07 of 2007 and any amendments to it relating to the issue of this Prospectus, and that those provisions have been complied with.

This Prospectus has been seen and approved by us and we collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of our knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of CWL have been given in the Prospectus, such representations have been made after due and careful enquiry of the information available to CWL and making assumptions that are considered to be reasonable at the present point in time by our best judgement.

Name	Signature
Mr. Christopher A. M. Perera - Chairman, Executive Director	Sgd.
Mr. S. A. D. Niranjana Suraj - Managing Director/ Chief Executive Officer	Sgd.
Mr. Sithira Wickramasekera – Senior Executive Director	Sgd.
Mr. Shanaka Lansakara - Executive Director	Sgd.
Mr. D. Dilan L. Nanayakkara - Non-Executive Non-Independent Director	Sgd.
Mr. Melanga A. Doolwala - Non-Executive Independent Director	Sgd.
Mr. Rohan Ladduwahetty - Non-Executive Independent Director	Sgd.

Statutory Declaration by the Company

30th March 2021

An application has been made to the CSE for permission to deal in and for a listing for all of the Ordinary Voting Shares of the Company and those Ordinary Voting Shares which are the subject of this Offer. Such permission will be granted when shares are listed on the CSE. The CSE assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports included in this Prospectus. Listing on the CSE is not to be taken as an indication of the merits of the Company or of the Shares Offered.

Sgd.
Director

Sgd.
Director

Statutory Declaration by the Financial Advisor & Manager to the Offer and Sponsor – Atarah Capital Partners (Private) Limited

30th March 2021

We, Atarah Capital Partners (Private) Limited (ACP), having its registered address at 95/H/1, Meemanagoda Road, Kalalgoda, Pannipitiya being the Financial Advisor & Manager to the Offer of Chrissworld Limited (CWL) hereby declare and confirm that to the best of our knowledge and belief the Prospectus constitutes full and true disclosure of all material facts about the issue and the Company. We are satisfied that profit forecasts made in the Research Report have been stated by the directors after due and careful enquiry.

We also declare and confirm that we are in compliance with Rule 2 (v) of Appendix 2E of Section 2 of the CSE Listing Rules where the Sponsor is independent and there is no conflict of interest when acting as the Sponsor to Chrissworld Limited. Further, we wish to state that Mr. Melanga A. Doolwala acting as a Non-Executive Independent Director of Chrissworld Limited may also engage with ACP in the capacity of a consultant as deemed necessary from time to time. Nevertheless, Mr. Doolwala is not a Shareholder, Director, Employee or a full-time consultant of ACP and will not involve in services provided by ACP to Chrissworld Limited so long as ACP engages with Chrissworld Limited in the capacity of the Sponsor.

Sgd.
Director

Sgd.
Director