

# World-link LOGISTICS

WORLD-LINK LOGISTICS (ASIA) HOLDING LIMITED

環宇物流(亞洲)控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8012

## THIRD QUARTERLY REPORT 2017



## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE "GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")**

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

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

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*This report, for which the directors (the "Directors") of World-Link Logistics (Asia) Holding Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company and its subsidiaries (collectively refer to as the "Group"). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

The board of Directors (the “**Board**”) is pleased to announce that the unaudited financial results of the Group for the nine months ended 30 September 2017, together with the comparative figures for the nine months ended 30 September 2016. The financial information has been approved by the Board.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 30 September 2017

	NOTES	Three months ended 30 September		Nine months ended 30 September	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue	3	39,091	36,956	115,178	104,650
Other income		130	142	782	650
Employee benefits expenses		(10,801)	(9,520)	(32,607)	(28,742)
Depreciation of property, plant and equipment		(400)	(394)	(1,253)	(1,560)
Operating lease rentals in respect of rented premises		(9,915)	(9,716)	(28,826)	(28,499)
Sub-contracting expenses		(5,885)	(6,820)	(19,887)	(18,430)
Operating lease rental in respect of plant, machinery and equipment		(352)	(450)	(1,133)	(1,260)
Interest on bank borrowings		–	(63)	–	(248)
Other expenses		(5,334)	(3,449)	(12,755)	(9,065)
Profit before taxation		6,534	6,686	19,499	17,496
Income tax expense	4	(1,157)	(912)	(3,526)	(2,818)
Total profit and other comprehensive income for the nine months ended		5,377	5,774	15,973	14,678
Earnings per share (HK cents)	5	1.12	1.20	3.33	3.06

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2017

	Attributable to owners of the Company				Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Retained profits HK\$'000	
At 1 January 2016 (audited)	4,800	49,350	10	8,131	62,291
Profit and other comprehensive income for the period	-	-	-	14,678	14,678
At 30 September 2016 (unaudited)	4,800	49,350	10	22,809	76,969
At 1 January 2017 (audited)	<b>4,800</b>	<b>49,350</b>	<b>10</b>	<b>31,642</b>	<b>85,802</b>
Profit and other comprehensive income for the period	-	-	-	<b>15,973</b>	<b>15,973</b>
At 30 September 2017 (unaudited)	<b>4,800</b>	<b>49,350</b>	<b>10</b>	<b>47,615</b>	<b>101,775</b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2017

## 1. General Information And Basis Of Preparation

The Company is incorporated in the Cayman Islands as an exempted company with limited liability on 27 July 2015 and its shares are listed on the GEM Board of the Stock Exchange. The addresses of the registered office and the principal place of business of the Company are disclosed in the section "Corporate Information" in the annual report 2016.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in the integrated logistics services and packing services.

## 2. Significant Accounting Policies

The unaudited consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants. In addition, the unaudited condensed consolidated financial statements include the applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

The accounting policies and method of computation used in the preparation of these results are consistent with those used in the annual financial results for the year ended 31 December 2016. The Group has adopted amendments to HKFRSs which are effective for accounting periods commencing on or after 1 January 2017. The adoption of such new or revised standards, amendments to standards and interpretations does not have materials impact on the consolidated financial statements and does not result in substantial changes to the Group's accounting policies.

In addition to the accounting policies used in the annual financial results for the year ended 31 December 2016, the Group has adopted the accounting policy of inventories to prepare the unaudited consolidated financial statements.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the nine months ended 30 September 2017

## 3. Revenue

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Transportation services income	7,592	8,915	26,838	25,483
Warehousing services income	18,472	16,639	53,285	46,918
Customisation services income	10,090	9,087	28,010	25,863
Value-added services income	2,937	2,315	7,045	6,386
	<b>39,091</b>	36,956	<b>115,178</b>	104,650

## 4. Income Tax Expense

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
The charge comprises:				
Hong Kong Profits Tax – current period	1,158	912	3,551	2,737
Deferred taxation	(1)	–	(25)	81
	<b>1,157</b>	912	<b>3,526</b>	2,818

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the nine months ended 30 September 2017 (for the nine months ended 30 September 2016: 16.5%).

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the nine months ended 30 September 2017

## 5. Earnings Per Share

The calculation of the earnings per share attributable to the owners of the Company is based on the following data:

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Earnings:				
Profit for the period attributable to owners of the Company for the purposes of earnings per share	5,377	5,774	15,973	14,678

	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
Number of shares:				
Weighted average number of ordinary shares for the purpose of earnings per share	480,000,000	480,000,000	480,000,000	480,000,000

Diluted earnings per share is not presented for the periods as there is no potential ordinary share outstanding at the end of reporting periods.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review

With reference to our announcement dated 7 November 2017, our Board is pleased to announce that the approval-in-principle for the transfer of listing of the shares of the Company (the “Shares”) from the GEM to the Main Board has been granted by the Stock Exchange on 7 November 2017 for the Shares to be listed on the Main Board and de-listed from the GEM. The last day of dealings in the Shares on the GEM (Stock Code: 8012) will be 14 November 2017. Dealings in the Shares on the Main Board (Stock Code: 6083) will commence at 9:00 a.m. on 15 November 2017.

Being one of the well-established logistics services providers in Hong Kong, the majority of our customers are listed and multinational companies. We customize our services to meet our customers’ need and always maintain high quality of services. We also have stringent quality control procedures in place to ensure that the best services can be provided to our customers.

Building a strategic partnership with our customers by creating extra value in the entire supply chain is our winning strategy. The Group’s accomplishments are attributable to our customer- oriented culture. Our team members are willing to go the extra mile to fulfil our customers’ needs.

Since our business is labour-intensive, the dedication of every staff is very important to The Group’s business. The Group has been working continuously to build a customer-oriented culture. Our staff strives to keep up with the Group’s motto – “always can do”. Every staff maintains professionalism and a customer-oriented mindset and our team is flexible to cope with the fast changing market. We are proud of the loyalty of our staff. Our employees are our most valuable assets and they form a solid foundation for the Group. Despite the pressure of increased labour cost in 2017, we invested more resources in staff training to enhance our service quality. Our professional and stable team plays a pivotal role in the Group’s success.

The Group focuses on our customers’ needs and our service quality. We understand the needs of our customers and add value to our services by solving their daily operation difficulties. For instance, our Group provides delivery services on Sunday in response to the need of our existing customers. We are planning to provide logistics services on statutory holidays while such services are not common in the industry.

We also bring value to the total supply chain. We not only control our costings, but also improve operation and tackle their daily operation issues. Being highly flexible and responsive to our customers need is our edge to survive and thrive.

# Management Discussion and Analysis

2017 has been a productive year for the Group. With the great teamwork of all our staff, we add value to the services for our new and existing customers. We respond quickly to fulfil the customers' requirements. The Group will continue to improve our service quality and expand the Group's business and customer base.

## Outlook

We believe that with our team and core competence could excel our operation capacity in the future. In fact, the encouraging results in the nine months period of 2017 have strengthened our confidence in bringing more business breakthroughs in the fourth quarter of 2017.

On 1 October, 2017, the Company entered into a service agreement with a multi-national family-owned manufacturer of confectionery and pet care brands (the "**New Customer**") regarding the provision of temperature-controlled storage delivery service which is part of our cold chain logistics business. The New Customer, with its headquarter in Mclean, Virginia, the United States, employs more than 70,000 employees in 79 countries worldwide.

We have strategically seized opportunities in the cold chain logistics services and expanded our service scope for existing customers. The Group have equipped with professional temperature- controlled refrigerator vehicles which are specialised for the transportation of frozen meat and wine. Given the expertise required, it is expected that the cold chain logistics services will attract more new customers and increase our revenue in the near future.

The Group will continue to maintain its current business development strategy and the business segments will mostly remain the same in the future. Extra efforts will be put on expanding the fast moving consumer goods ("**FMCG**") sector and the food and beverage sector to seize the opportunity in developing the cold chain logistics services and attracting new customers.

## Financial Review

### Revenue

The revenue of the Group increased by approximately 10.1% from approximately HK\$104.7 million for the nine months ended 30 September 2016 to approximately HK\$115.2 million for the nine months ended 30 September 2017. The increase in revenue was mainly attributable to the higher demand of logistics services by FMCG customers and higher services fee charged to FMCG customers during the nine months ended 30 September 2017.

# Management Discussion and Analysis

Revenue generated from the warehousing services increased by approximately 13.6% from approximately HK\$46.9 million for the nine months ended 30 September 2016 to HK\$53.3 million for the nine months ended 30 September 2017.

Revenue generated from the customisation services increased by approximately 8.3% from approximately HK\$25.9 million for the nine months ended 30 September 2016 to HK\$28.0 million for the nine months ended 30 September 2017.

Revenue generated from the transportation services increased by approximately 5.3% from approximately HK\$25.5 million for the nine months ended 30 September 2016 to HK\$26.8 million for the nine months ended 30 September 2017.

Revenue generated from value added services increased by approximately 10.3% from approximately HK\$6.4 million for the nine months ended 30 September 2016 to approximately HK\$7.0 million for the nine months ended 30 September 2017.

## Employee benefits expenses

Employee benefits expenses primarily consisted of wages and salaries, medical benefits, and other allowances and benefits. Our employee benefits expenses amounted to approximately HK\$32.6 million for the nine months ended 30 September 2017 (2016: HK\$28.7 million for the nine months ended 30 September 2016). Our Group had a total of 308 and 306 full-time employees as at 30 September 2016 and 30 September 2017 respectively.

## Other expenses

Other expenses mainly included other operating cost for the warehousing and value-added services, electricity, repair and maintenance, consumables, entertainment, rates, office and store supplies and the expenses in relation to the transfer of listing application. The Company submitted a formal application to the Stock Exchange on 17 March 2017 for the proposed transfer of listing to the Main Board of the Stock Exchange (the "**Application**") and incurred expenses of approximately HK\$1.2 million for the nine months ended 30 September 2017. For the nine months ended 30 September 2016 and 2017, other expenses amounted to approximately HK\$9.1 million and HK\$12.8 million respectively.

Note: The Application was valid for six months and automatically lapsed on 17 September 2017. The Company resubmitted an application on 22 September 2017 pursuant to Chapter 9A of the Rules Governing of the Listing of Securities on the Stock Exchange. The approval-in-principle for the transfer of listing to the Main Board had been granted by the Stock Exchange on 7 November 2017.

# Management Discussion and Analysis

## Taxation

The taxation represented the provision of Hong Kong profits tax calculated at 16.5% of the estimated assessable profits during the nine months ended 30 September 2016 and 2017.

## Profit and total comprehensive income for the nine months ended 30 September 2017

Our Group recorded a net profit after taxation for the nine months ended 30 September 2017 was approximately HK\$16.0 million, representing an increment of approximately 8.8% compared to the nine months ended 30 September 2016. The net profit after taxation (excluding the expenses in relation to transfer of listing application) for the nine months ended 30 September 2017 is approximately HK\$17.2 million, representing an increment of approximately 17.2% compared to that for the nine months ended 30 September 2016. The improvement in the net profit after taxation was driven by (i) the growth of revenue; and (ii) a stringent control in operating expenses through streamlining and reengineering the operation flow of the Group.

The net profit margin (excluding the expenses in relation to transfer of listing application) for the nine months ended 30 September 2017 is approximately 14.9% while the net profit margin for the nine months ended 30 September 2016 is approximately 14.0%, representing an improvement of approximately 0.9% in terms of net profit margin.

## OTHER INFORMATION

### Interim Dividend

The Directors do not recommend an interim dividend for the nine months ended 30 September 2017 (for the nine months ended 30 September 2016: Nil).

### Charge on the Group's Assets and Contingent Liabilities

As at 30 September 2017, the Group has no bank borrowings (31 December 2016: Nil). The Group has banking facility of HK\$15.0 million which were guaranteed by the Company (31 December 2016: HK\$15.0 million). The Group has no material contingent liabilities as at 30 September 2017.

### Material Acquisitions and Disposal

During the nine months ended 30 September 2017, the Group had no material acquisitions and disposals of subsidiaries.

### Use of Proceeds

The net proceeds from the listing on the GEM of the Stock Exchange in December 2015 by way of Placing (the "Listing") were approximately HK\$41.5 million, which was based on the final placing price of HK\$0.5 per Ordinary Share and the actual expenses on the Listing.

The actual use of proceeds since the Listing are as follows:

	Planned use of proceeds stated in the Prospectus since the Listing to 31 December 2017 HK\$'million	Actual use of proceeds since the Listing up to 30 September 2017 HK\$'million
Expanding the scope of services	19.0	9.1
Strengthening information technology and systems	2.1	1.7
Enhancing sales and marketing effort	3.2	0.5
Attracting and retaining talented and experienced personnel	2.1	2.1
Repaying the bank loans	12.0	12.0
General working capital	3.1	3.1
	41.5	28.5

## Other Information

The business objectives as stated in the Prospectus dated 22 December 2015 (the “**Prospectus**”) were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. The use of proceeds was applied in accordance with the actual development of the market.

As at 30 September 2017, approximately HK\$28.5 million of the net proceeds from the Listing had been used. Among of the unused net proceeds, approximately HK\$6.0 million will be utilized during the fourth quarter of 2017 and the remaining net proceeds of approximately HK\$7.0 million will be utilized during the year ending 31 December 2018. The unused net proceeds were deposited in licensed banks in Hong Kong.

The Company intends to apply the net proceeds in the manner as stated in the Prospectus. However, the Directors will constantly evaluate the Group’s business objectives and may change or modify the plans of using the net proceeds against the changing market condition to attain sustainable business growth of the Group.

### Purchase, Sale or Redemption

During the nine months ended 30 September 2017, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company’s shares.

### Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company, having made specific enquiry of all the Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the nine months ended 30 September 2017.

## Other Information

### Directors' and Chief Executives' Interests in Shares

As at 30 September 2017, the Directors and their associates had the following interests or short positions in shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"):

#### Interests in the Company

Name of director	Capacity	Number of shares held			Percentage of Company's issued share capital
		Personal interests	Other interests	Total interests	
Mr. Yeung Kwong Fat (Note 1, 2)	Interest in a controlled corporation; interests held jointly with another person; beneficial owner	4,320,000	304,944,000	309,264,000	64.43%
Mr. Lee Kam Hung (Note 1, 3)	Interest in a controlled corporation; interests held jointly with another person	-	309,264,000	309,264,000	64.43%
Mr. Luk Yau Chi, Desmond (Note 1, 4)	Interest in a controlled corporation; interests held jointly with another person	-	309,264,000	309,264,000	64.43%

#### Notes:

- On 24 August 2015, Mr. Yeung, Mr. Lee, and Mr. Luk entered into a confirmatory deed to acknowledge and confirm, among other things, that they are parties acting in concert with each of the members of our Group. As such, pursuant to the parties acting in concert arrangement, each of the controlling shareholders of our Group, i.e. Best Matrix Global Limited (being wholly owned by Mr. Lee), Mr. Lee, Orange Blossom International Limited (being wholly owned by Mr. Yeung), Mr. Yeung, Leader Speed Limited (being wholly owned by Mr. Luk) and Mr. Luk, is deemed to be interested in 64.43% of the issued share capital of our Company.
- The aggregate 309,264,000 Shares in which Mr. Yeung is interested consist of (i) 119,360,000 Shares held by Orange Blossom International Limited, a company wholly owned by Mr. Yeung, in which Mr. Yeung is deemed to be interested under the SFO; (ii) 4,320,000 Shares is directly held by Mr. Yeung; and (iii) 185,584,000 Shares in which Mr. Yeung is deemed to be interested as a result of being a party acting-in-concert with Mr. Lee and Mr. Luk.
- The aggregate 309,264,000 Shares in which Mr. Lee is interested consist of (i) 123,744,000 Shares held by Best Matrix Global Limited, a company wholly owned by Mr. Lee, in which Mr. Lee is deemed to be interested under the SFO; and (ii) 185,520,000 Shares in which Mr. Lee is deemed to be interested as a result of being a party acting-in-concert with Mr. Yeung and Mr. Luk.
- The aggregate 309,264,000 Shares in which Mr. Luk is interested consist of (i) 61,840,000 Shares held by Leader Speed Limited, a company wholly owned by Mr. Luk, in which Mr. Luk is deemed to be interested under the SFO; and (ii) 247,424,000 Shares in which Mr. Luk is deemed to be interested as a result of being a party acting-in-concert with Mr. Lee and Mr. Yeung.

## Other Information

### Interests in associated corporation(s) of the Company

Name of director	Name of associated corporation	Capacity/ Nature of interest	Number of shares	Percentage of shareholding
Mr. Yeung	Orange Blossom International Limited	Beneficial interests	1	100%
Mr. Lee	Best Matrix Global Limited	Beneficial interests	1	100%
Mr. Luk	Leader Speed Limited	Beneficial interests	1	100%

Save as disclosed above, as at 30 September 2017, none of the Directors and chief executive of the Company had any interests and short positions in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) or (ii) which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO or (iii) which were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### Substantial Shareholders' Interests in Shares

As at 30 September 2017, the following persons (other than Directors or Chief Executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity	Number of Shares/ underlying Shares held	Percentage of Company's issued share capital
Best Matrix Global Limited (Note 1)	Beneficial owner; interests held jointly with another person	309,264,000	64.43%
Leader Speed Limited (Note 1)	Beneficial owner; interests held jointly with another person	309,264,000	64.43%
Orange Blossom International Limited (Note 1)	Beneficial owner; interests held jointly with another person	309,264,000	64.43%
Ms. Law Wai Yee (Note 2)	Interest of spouse	309,264,000	64.43%
Ms. Chan Pik Shan (Note 3)	Interest of spouse	309,264,000	64.43%
Ms. Wong Soo Fung (Note 4)	Interest of spouse	309,264,000	64.43%

## Other Information

Notes:

1. On 24 August 2015, Mr. Yeung, Mr. Lee, and Mr. Luk entered into a confirmatory deed to acknowledge and confirm, among other things, that they are parties acting in concert with each of the members of our Group. As such, pursuant to the parties acting in concert arrangement, each of the controlling shareholders of our Group, i.e. Best Matrix Global Limited (being wholly owned by Mr. Lee), Mr. Lee, Orange Blossom International Limited (being wholly owned by Mr. Yeung), Mr. Yeung, Leader Speed Limited (being wholly owned by Mr. Luk) and Mr. Luk, is deemed to be interested in 64.43% of the issued share capital of our Company.
2. Ms. Law Wai Yee is the spouse of Mr. Yeung and is deemed, or taken to be, interested in Shares in which Mr. Yeung has interest under the SFO.
3. Ms. Chan Pik Shan is the spouse of Mr. Lee and is deemed, or taken to be, interested in Shares in which Mr. Lee has interest under the SFO.
4. Ms. Wong Soo Fung is the spouse of Mr. Luk and is deemed, or taken to be, interested in Shares in which Mr. Luk has interest under the SFO.

All the interests disclosed above represent long positions in the shares and underlying shares of the Company.

Save as disclosed herein, the Company has not been notified of any other person (other than a Director or a chief executive of the Company) who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 September 2017.

### Arrangements to Purchase Shares or Debentures

At no time during the nine months ended 30 September 2017 was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### Directors' Interests in Contracts of Significance

No contract of significance, to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of 30 September 2017 or at any time during the nine months ended 30 September 2017.

### Competing Interest

For the nine months ended 30 September 2017, the Directors were not aware of any business or interest of the Directors, the controlling shareholders, the management shareholders and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

## Other Information

### Corporate Governance

Except for the deviation from CG Code provision A.2.1, the Company's corporate governance practices have complied with the CG Code. Details of the continuing evolution of our corporate governance practices for the nine months ended 30 September 2017 are set out in the 2016 annual report. CG Code provision A.2.1 stipulates that the role of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Yeung Kwong Fat is the Chairman and the Chief Executive Officer of our Company. In view of Mr. Yeung being one of the co-founders of our Group and has been operating and managing World-Link Roadway System Company Limited and World-Link Packing House Company Limited since 1994 and 2009 respectively, our Board believes that it is in the best interest of our Group to have Mr. Yeung taking up both roles for effective management and business development. Therefore our Directors consider that the deviation from the CG Code provision A.2.1 is appropriate in such circumstance.

The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high-caliber individuals, with three of them being Independent Non-executive Directors.

### Audit Committee

The Board has established an audit committee (the "Audit Committee") on 16 December 2015, which operates under terms of reference approved by the Board. It is the Board's responsibility to ensure that an effective internal control and risk management framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated to the Audit Committee the responsibility for the initial establishment and the maintenance of a framework of internal controls and ethical standards for the Group's management. The Audit Committee currently comprises three Independent Non-executive Directors, namely Mr. How Sze Ming, Mr. Mak Tung Sang and Mr. Jung Chi Pan, Peter. Mr. How Sze Ming is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2017.

By Order of the Board  
**World-Link Logistics (Asia) Holding Limited**  
**Yeung Kwong Fat**  
*Chairman and Chief Executive Officer*

Hong Kong, 13 November 2017

*As at the date of this report, the Executive Directors are Mr. Yeung Kwong Fat, Mr. Lee Kam Hung and Mr. Luk Yau Chi, Desmond; and the Independent Non-executive Directors are Mr. How Sze Ming, Mr. Jung Chi Pan, Peter, and Mr. Mak Tung Sang.*