

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: 6083



World-link
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2021
Interim Report

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Yeung Kwong Fat (*Chairman and CEO*)
Mr. Lee Kam Hung
Mr. Luk Yau Chi, Desmond

Independent Non-executive Directors

Mr. How Sze Ming
Mr. Mak Tung Sang
Mr. Jung Chi Pan, Peter

Company Secretary

Mr. Cheng Sing Yuen

Board Committees

Audit Committee

Mr. How Sze Ming (*Chairman*)
Mr. Mak Tung Sang
Mr. Jung Chi Pan, Peter

Nomination Committee

Mr. Yeung Kwong Fat (*Chairman*)
Mr. Mak Tung Sang
Mr. Jung Chi Pan, Peter

Remuneration Committee

Mr. Mak Tung Sang (*Chairman*)
Mr. Luk Yau Chi, Desmond
Mr. Jung Chi Pan, Peter

Authorised Representatives

Mr. Yeung Kwong Fat
Mr. Cheng Sing Yuen

Company's Website

<http://www.world-linkasia.com>

Registered Office in the Cayman Islands

Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

Legal Adviser

TC & Co., Solicitors
Units 2201-2203, 22/F.
Tai Tung Building
8 Fleming Road
Wanchai
Hong Kong

Headquarters and Principal Place of Business in Hong Kong

3/F, Allied Cargo Centre
150-164 Texaco Road
Tsuen Wan
Hong Kong

Principal Share Registrar and Transfer Office in the Cayman Islands

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Bankers

The Bank of East Asia
Fubon Bank

Stock Code

6083

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

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	151,557	97,265
Other income		1,199	3,819
Employee benefits expenses		(27,792)	(27,696)
Depreciation of property, plant and equipment and right-of-use assets		(23,150)	(23,254)
Operating lease rentals in respect of rented premises		(327)	(2,515)
Sub-contracting expenses		(19,753)	(19,793)
Cost of products recognised		(61,633)	(8,071)
Operating lease rental in respect of plant, machinery and equipment		(253)	(490)
Other expenses	5	(10,284)	(6,759)
Profit from operations		9,564	12,506
Finance costs		(319)	(672)
Profit before taxation		9,245	11,834
Income tax expense	6	(925)	(1,972)
Profit and total comprehensive income for the period		8,320	9,862
Attributable to:			
Equity shareholders of the Company		7,976	9,862
Non-controlling interests		344	–
Profit and total comprehensive income for the period		8,320	9,862
Earnings per share (HK cents)	8		
Basic		1.59	1.98
Diluted		1.59	1.96

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	6,553	8,340
Right-of-use assets	10	110,560	28,445
Rental deposits		6,530	1,090
Deferred tax assets		2,273	1,739
		125,916	39,614
Current assets			
Inventories – finished goods		18,906	13,934
Trade and other receivables and contract assets	11	65,235	57,861
Rental deposits		975	6,653
Tax recoverable		499	657
Bank balances and cash		48,005	61,976
		133,620	141,081
Current liabilities			
Trade and other payables and accrued expenses	12	15,570	15,272
Tax payable		352	177
Lease liabilities		40,037	27,331
Amounts due to non-controlling interests		1,241	1,241
Dividend payable		5,018	12,452
Bank borrowings		4,500	4,500
		66,718	60,973
Net current assets		66,902	80,108
Total assets less current liabilities		192,818	119,722

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Non-current liabilities			
Provisions		1,843	2,136
Lease liabilities		70,671	2,487
		72,514	4,623
NET ASSETS		120,304	115,099
CAPITAL AND RESERVES			
Share capital	13	5,018	4,981
Reserves		114,376	109,552
Total equity attributable to equity shareholders of the Company		119,394	114,533
Non-controlling interest		910	566
TOTAL EQUITY		120,304	115,099

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to the owners of the Company						Non-controlling interest	Total equity
	Share capital	Share premium	Merger reserve	Capital reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020 (audited)	4,941	59,991	10	2,064	42,124	109,130	-	109,130
Profit and total comprehensive income for the period	-	-	-	-	9,862	9,862	-	9,862
Recognition of equity – settled share-based payment expense	-	-	-	166	-	166	-	166
Issue of ordinary shares in relation to award of new shares	40	3,311	-	(1,351)	-	2,000	-	2,000
Dividends	-	-	-	-	(4,981)	(4,981)	-	(4,981)
At 30 June 2020 (unaudited)	4,981	63,302	10	879	47,005	116,177	-	116,177
At 1 January 2021 (audited)	4,981	63,317	10	956	45,269	114,533	566	115,099
Profit and total comprehensive income for the period	-	-	-	-	7,976	7,976	344	8,320
Recognition of equity – settled share-based payment expense	-	-	-	15	-	15	-	15
Issue of ordinary shares in relation to award of new shares	37	2,822	-	(971)	-	1,888	-	1,888
Dividends	-	-	-	-	(5,018)	(5,018)	-	(5,018)
At 30 June 2021 (unaudited)	5,018	66,139	10	-	48,227	119,394	910	120,304

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	19,399	43,824
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(492)	(80)
Gain on disposal of property, plant and equipment	–	475
Interest received	5	64
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(487)	459
FINANCING ACTIVITIES		
Capital element of lease rentals paid	(22,000)	(21,255)
Interest element of lease rentals paid	(268)	(672)
Interest paid	(51)	–
Proceed from issue of new shares in relation to award of new shares	1,888	2,000
Dividends paid	(12,452)	(7,411)
NET CASH USED IN FINANCING ACTIVITIES	(32,883)	(27,338)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(13,971)	16,945
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	61,976	47,668
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	48,005	64,613

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 27 July 2015 and its shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (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.

The Company acts as an investment holding company. The Company and its subsidiaries (the “Group”) are principally engaged in the integrated logistics services, packing services and distribution business.

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

These unaudited condensed consolidated financial statements were authorised for issue on 30 August 2021.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

This interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out below.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. These unaudited condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform — phase 2*

Other than the above mentioned amendments to HKFRSs, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform — phase 2*

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (“IBOR reform”). The amendments do not have an impact on this interim financial report as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

3. REVENUE

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Transportation services income	25,155	25,275
Warehousing services income	41,924	45,686
Customisation services income	8,562	10,335
Value-added services income	6,548	5,834
Sale of goods	69,368	10,135
	151,557	97,265

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

4. SEGMENT INFORMATION

The Group's operating segments are determined based on information reported to the chief operating decision maker of the Group (the Executive Directors of the Company who are also directors of all operating subsidiaries) (the "CODM"), for the purpose of resource allocation and performance assessment. The Directors regularly review revenue and results analysis by (i) logistics solutions business; (ii) customisation services; and (iii) distribution business. No operating segments have been aggregated in arriving at the reportable segments of the Group. No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM.

Segment revenue and results

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

For the six months ended 30 June 2021

	Logistics solutions business HK\$'000 (Unaudited)	Customisation services HK\$'000 (Unaudited)	Distribution business HK\$'000 (Unaudited)	Segment total HK\$'000 (Unaudited)	Eliminations HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Disaggregated by timing of revenue recognition						
Point in time	43,355	8,562	69,368	121,285	-	121,285
Overtime	30,272	-	-	30,272	-	30,272
Revenue						
Revenue from external customers	73,627	8,562	69,368	151,557	-	151,557
Inter-segment revenue	1,601	-	-	1,601	(1,601)	-
	75,228	8,562	69,368	153,158	(1,601)	151,557
Results						
Segment results	6,812	810	2,471			10,093
Unallocated corporate income						-
Unallocated corporate expenses						(848)
Profit before taxation						9,245

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

4. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 30 June 2020

	Logistics solutions business HK\$'000 (Unaudited)	Customisation services HK\$'000 (Unaudited)	Distribution business HK\$'000 (Unaudited)	Segment total HK\$'000 (Unaudited)	Eliminations HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Disaggregated by timing of revenue recognition						
Point in time	54,127	10,335	10,135	74,596	-	74,596
Overtime	22,669	-	-	22,669	-	22,669
Revenue						
Revenue from external customers	76,795	10,335	10,135	97,265	-	97,265
Inter-segment revenue	3,600	-	-	3,600	(3,600)	-
	80,395	10,335	10,135	100,865	(3,600)	97,265
Results						
Segment results	13,079	(659)	1			12,421
Unallocated corporate income						97
Unallocated corporate expenses						(684)
Profit before taxation						11,834

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent profit earned from each segment without allocation of corporate income and expenses. This is the measure reported to the CODM of the Group for the purpose of resource allocation and performance assessment.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

4. SEGMENT INFORMATION (Continued)

Other segment information

For the six months ended 30 June 2021

	Logistics solutions business HK\$'000 (Unaudited)	Customisation services HK\$'000 (Unaudited)	Distribution business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Addition to property, plant and equipment	285	58	149	492
Addition to right-of-use assets	106,000	-	-	106,000

For the six months ended 30 June 2020

	Logistics solutions business HK\$'000 (Unaudited)	Customisation services HK\$'000 (Unaudited)	Distribution business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Addition to property, plant and equipment	43	37	-	80
Addition to right-of-use assets	6,267	-	-	6,267

5. OTHER EXPENSES

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Legal and professional fees	1,415	1,071
Credit loss of trade receivables	641	-
Transportation expense	1,925	1,598
Utilities	966	750
Repair and maintenance	707	394
Warehouse expense	1,424	585
Packing materials	160	245
Insurance	933	820
Miscellaneous	2,113	1,296
	10,284	6,759

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current income tax		
– Hong Kong Profits Tax	1,459	1,644
Deferred taxation	(534)	328
Total income tax expense for the period	925	1,972

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2021 (for the six months ended 30 June 2020: 16.5%). Macau corporate tax is calculated at 12% of the estimated assessable profits for the six months ended 30 June 2021 (for the six months ended 30 June 2020: 12%).

7. INTERIM DIVIDEND

A special dividend (the “Special Dividend”) of 2.5 HK cents (year ended 31 December 2019: 1.5 HK cents) per share amounting to HK\$12,452,000 in aggregate (year ended 31 December 2019: HK\$7,411,000) was declared and approved by the Board pursuant to Article 155(c) of the Company’s Articles of Association on 27 November 2020. The Special Dividend was paid in cash during the six months ended 30 June 2021.

At the Company’s annual general meeting held on 17 June 2021, the shareholders of the Company approved the payment of a final dividend of 1.0 HK cent (year ended 31 December 2019: 1.0 HK cent) per share amounting to HK\$5,018,000 in aggregate (year ended 31 December 2019: HK\$4,981,000) for the year ended 31 December 2020, as recommended by the Board, which was paid in cash to the shareholders of the Company on 15 July 2021, whose names appeared on the register of members of the Company on 28 June 2021.

The Board is pleased to announce that at the Board meeting held on Monday, 30 August 2021, having considered the business, financial and cash flow position of the Group, the Board has declared an interim dividend of 1.0 HK cent (for the six months ended 30 June 2020: Nil) per share of the Company, amounting to approximately HK\$5,018,000 in aggregate (the “Interim Dividend”). The Interim Dividend will be payable on or around Wednesday, 6 October 2021 to the shareholders of the Company (the “Shareholder(s)”) whose names appear on the register of members of the Company on Friday, 17 September 2021.

The register of members of the Company will be closed from Wednesday, 15 September 2021 to Friday, 17 September 2021, during which period no transfer of shares of the Company will be registered. In order for a Shareholder to qualify for the Interim Dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 14 September 2021.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$7,976,000 (for the six months ended 30 June 2020: HK\$9,862,000) and the weighted average of 501,466,000 ordinary shares (as at 30 June 2020: 497,647,000) in issue during the six months ended 30 June 2021, calculated as follows:

Weighted average number of ordinary shares

	2021 '000 (Unaudited)	2020 '000 (Unaudited)
Weighted average number of ordinary shares used in calculating basic earnings per share	501,466	497,647

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$7,976,000 for the six months ended 30 June 2021 (for the six months ended 30 June 2020: HK\$9,862,000) and the weighted average number of ordinary shares of 501,843,000 shares (as at 30 June 2020: 501,899,000), calculated as follows:

Weighted average number of ordinary shares (diluted)

	Six months ended 30 June	
	2021 '000 (Unaudited)	2020 '000 (Unaudited)
Weighted average number of ordinary shares used in calculating basic earnings per share	501,466	497,647
Effect of deemed issue of ordinary shares under the Company's share award scheme for a subscription price of 50 HK cents per share	377	4,252
Weighted average number of ordinary shares used in calculating diluted earnings per share	501,843	501,899

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired approximately HK\$492,000 (six months ended 30 June 2020: HK\$80,000) of equipment.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

10. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2021, additions to right-of-use assets were HK\$106,000,000 (six months ended 30 June 2020: HK\$6,267,000) primarily related to the capitalised lease payments payable under renewal of tenancy agreements.

11. TRADE RECEIVABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade receivables, net of loss allowance	59,146	53,719

The Group generally allows a credit period ranging from 0 days to 120 days to its customers. The Group does not hold any collateral over these balances.

The following is an aging analysis of trade receivables, presented based on invoice dates at the end of each reporting period and net of loss allowance:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
0 – 30 days	25,072	20,989
31 – 60 days	12,824	15,256
61 – 90 days	13,583	13,257
Over 90 days	7,667	4,217
	59,146	53,719

12. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade payables	7,814	5,706
Accrued employees benefits	1,944	4,091
Accrued expenses	3,422	3,045
Other payables	2,390	2,430
	15,570	15,272

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

12. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES (Continued)

All of the trade and other payables and accrued expenses are expected to be settled within one year or are payable on demand. As at 30 June 2021, the aging analysis of trade payables based on invoice date, is as follows:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
0 – 30 days	7,681	5,538
31 – 60 days	118	46
61 – 90 days	15	11
Over 90 days	–	111
	7,814	5,706

13. SHARE CAPITAL

	Number of shares		Share capital	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Issued and fully paid:				
At beginning of the period/year	498,067,000	494,067,000	4,981	4,941
Issue of ordinary shares in relation to award of new shares	3,776,000	4,000,000	37	40
Issued of ordinary shares on acquisition of a subsidiary	–	–	–	–
At end of the period/year	501,843,000	498,067,000	5,018	4,981

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

14. SHARE INCENTIVE SCHEME

Award Shares to Directors

The Company had on 19 January 2018 (the "Award Date") conditionally awarded award shares (the "Award Shares") to the following Directors subject to the vesting conditions as set out below:

Name of Directors	No. of Award Shares	Vesting date/ No. of Award Shares
Mr. Yeung Kwong Fat	3,344,000	21 January 2019/1,072,000 20 January 2020/1,136,000 19 January 2021/1,136,000
Mr. Lee Kam Hung	3,344,000	21 January 2019/1,072,000 20 January 2020/1,136,000 19 January 2021/1,136,000
Mr. Luk Yau Chi, Desmond	3,344,000	21 January 2019/1,072,000 20 January 2020/1,136,000 19 January 2021/1,136,000
Mr. How Sze Ming	64,000	21 January 2019/64,000
Mr. Mak Tung Sang	64,000	21 January 2019/64,000
Mr. Jung Chi Pan, Peter	64,000	21 January 2019/64,000

The Company had also on the Award Date conditionally awarded 1,776,000 Independent Award Shares to seven Independent Selected Individuals.

Subject to the fulfilment of the conditions as stated in the circular of the Company dated 20 April 2018 in relation to (i) the proposed issue of new Shares pursuant to specific mandate and (ii) connected transaction in relation to the proposed issue of new Shares to connected persons pursuant to specific mandate (the "Circular") (unless otherwise defined, terms used herein shall have the same meanings as those defined in the Circular of the Company) and the Selected Individuals remain as a Director or employee of the Company (as the case maybe) on each relevant issue date, the Company allotted and issued the Award Shares to each Selected Individuals on each vesting day. In total, Award Shares of 4,000,000, 4,000,000 and 3,776,000 Shares were issued and allotted to the Selected Individuals on 21 January 2019, 20 January 2020 and 19 January 2021 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is one of the well-established one-stop logistics service provider specializing in Fast Moving Consumer Goods (“FMCG”) and food and beverage (“F&B”), including pet food. Most of our customers are leading multi-national enterprises and our services are tailored for their unique needs. In addition, the Group has entered into distribution business since we acquired a subsidiary in Macau in 2019 and a non-wholly owned subsidiary in Hong Kong in 2020, which principally engaged in sales of medical and health products and light products, respectively.

The global economy started to recover during the first half of 2021. However, the market is still under high uncertainty and full of challenges. According to the Report entitled “Gross Domestic Product (“GDP”) (Quarterly) (Second Quarter 2021)” released by the Census and Statistics Department of the Government of the Hong Kong Special Administrative Region (“C&SD”), the year-on-year rate of change in real terms of GDP for the first quarter and the second quarter of 2021 increased by 8.0% and 7.6% respectively. Another publication entitled “Report on Monthly Survey of Retail Sales (June 2021)” released by the C&SD reported that the estimated value of the total retail sales increased by 8.4% in the first half of 2021 when compared with that for the same period in 2020. Visits to Hong Kong and Macau are still subject to restrictions which have affected the recovery of the tourism and the retail industries. According to another publication entitled “Visitor Arrivals by Country/Region of Residence (June 2021)” posted on the website of the C&SD, the average monthly visitor arrivals to Hong Kong remains at a low level. C&SD reported that the average monthly visitor arrivals to Hong Kong during the first half of 2021 is below 10,000 whereas there were over millions of visitors before the outbreak of the COVID-19. The situation in Macau is much better as there were about 500,000 monthly visitors arrivals during the first half of 2021.

Although the global economy has improved when compared with that for the same period in 2020, most of our customers are still on the long way of recovery which has in turn caused adverse chain impact to the Group.

The Group continues to adopt a growing strategy to expand its business sectors and network. However, as dragged down by the outbreak of the COVID-19, the growing of our core business in logistics solution and the customization services has been disrupted. The Group has actively enhanced its service quality and technology to satisfy the needs of the customers and to improve efficiency. Our well-established brand name and excellent service quality have attracted several new customers who are happy that we have successfully met their unique need in logistic solution during the reporting period. Even though the Group has recorded a decline in revenues in the logistics business in the first half of 2021, we managed to achieve an increase in overall Group’s revenue and bring value to our shareholders.

The Group has entered the Macau market with a distribution business in 2019. In 2020, the Group took another step to commence a distribution business in Hong Kong. Our investment in the distribution business has proved to be successful as it started to contribute a profit to the Group in the first half of 2021.

Due to the lower profit margin of the distribution business, the profit margin of the Group dropped from 10.1% for the same period in 2020 to 5.5% during the six months ended 30 June 2021. Despite of the lower profit margin, the distribution business brings additional profits and business network to the Group. We believe that a synergy has already been created by the distribution business which will benefit our shareholders.

Milestone in 2021

Despite the fact that the road of recovery is still long and full of challenges, the Group has successfully continued our strong performance in 2021 and record a growth of 5.5% in profit after tax (excluding government grant received) compared with that for the last period.

Since our extension of operation in Macau in 2019, the Group has successfully turned the Macau operation into profit making in the first half of 2021 by two years' time. We are able to provide the principals of various international brands with the most suitable sales and marketing strategy for distribution of their products. Currently we co-operate with several well-known international brands which include a milk powder producer based in Europe and a health care product producer based in Asia. The Group's sales growth achieved a remarkable increment of more than 5 times when compared with that for the same period in 2020 due to our successful connection with certain new principals of international brands.

In 2021, we took one more step to extend our services in Shenzhen through our working partners in China. It was a great move as we are facing an enormous market and opportunities. This could further reinforces our total logistic network among the Pearl River Delta area and provides a better solution to our customers.

To sustain our strategic growth, we are not only taking care of our existing customers. The Group continues to expand our services scope and approach new customers to achieve our long term goal. Moreover, the Group always manages our customer portfolio to select valuable customers to maximize our profit.



Management Discussion and Analysis

During the first half of 2021, the Group continued to enlarge our customer base and started to provide services to several famous groups in the fast moving consumer good segment and in the food and beverage sector, of which one of them is a multinational corporation. This is in line with our corporate growth strategy. We believe our strong consumer base is a proof of our professional image and quality recognition.

The Group is flattered with the trust from our customers, but we never forget to enhance our competitive power. Quality assurance and technology are always our focuses to maintain our high quality service. Thanks for the efforts of our quality assurance colleagues, the Group has successfully passed the quality audit with the strict requirements of a multinational pharmaceutical company headquartered in Europe. This enables the Group to develop another new business sector in the pharma sector near future. Our years of effort has built up a world class standard to exceed our customers' requirements.

The Group has also upgraded our transportation management system that allows the end customers to trace and track the delivery status of their goods. This system helps to fulfill the needs of consumer level, not only our customers, but also to their customers. This will increase the traceability and visibility of our services and also lay down our foundation to Business to Consumer ("B2C") solution in the future.

With our motto "Always Can Do", we are committed to provide reliable and professional logistics solutions to enhance efficiency and to gain a competitive advantage for our customers. We will continue to make our best effort to stay ahead of our competitors.

Outlook

The adverse impact of the COVID-19 has lasted for more than a year and the situation remains uncertain. However, the Group believes that the global economy will gradually recover with the availability of vaccines and the increasing injection rate. The Group will continue to equip itself and prepare for opportunities which may arise. The Group believes that the distribution business will be able to maintain a healthy growth in the second half of 2021. The management of the Group remains cautious with the performance of the Group in the second half of 2021.

Financial Review

Revenue

The revenue of the Group increased by approximately 55.8% from approximately HK\$97.3 million for the six months ended 30 June 2020 to approximately HK\$151.6 million for the six months ended 30 June 2021. The increment of revenue was driven by a significant growth of our distribution business.

With the commencement of the operation of a non-wholly owned subsidiary in Hong Kong in the second-half of 2020 and the continuous growth of the Macau operation, our Group recorded a significant increment in the sales of goods from HK\$10.1 million for the six months ended 30 June 2020 to HK\$69.4 million for the six months ended 30 June 2021, representing over 6 times increment.

Revenue generated from our warehousing services decreased by approximately 8.2% from approximately HK\$45.7 million for the six months ended 30 June 2020 to HK\$41.9 million for the six months ended 30 June 2021.

Revenue generated from our customisation services decreased by approximately 17.2% from approximately HK\$10.3 million for the six months ended 30 June 2020 to HK\$8.6 million for the six months ended 30 June 2021. The decrease of revenue was due to the ripple effect of the downturn in the tourism and the retail industry.

Revenue generated from our transportation services decreased by approximately 0.5% from approximately HK\$25.3 million for the six months ended 30 June 2020 to HK\$25.2 million for the six months ended 30 June 2021.

Revenue generated from our value added services increased by approximately 12.2% from approximately HK\$5.8 million for the six months ended 30 June 2020 to HK\$6.5 million for the six months ended 30 June 2021.

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\$27.8 million for the six months ended 30 June 2021 (for the six months ended 30 June 2020: HK\$27.7 million). Our Group had a total of 221 and 193 full-time employees as at 31 December 2020 and 30 June 2021 respectively. The decrease in the number of staff was due to natural wastage while the increment of employee benefits expenses was driven by the improvement of staff benefits for staff retention.



Management Discussion and Analysis

Other expenses

Other expenses mainly included other operating cost for warehousing and value-added services, electricity, repair and maintenance, consumables, entertainment, rates and office and store supplies. For the six months ended 30 June 2021, other expenses amounted to approximately HK\$10.3 million (for the six months ended 30 June 2020: HK\$6.8 million). The increment of approximately 52.2% was mainly due to the increase in transportation expenses and other operating cost following the expansion of our distribution business.

Taxation

The taxation mainly represented the provision of Hong Kong Profits Tax and Macau Corporate Tax calculated at 16.5% and 12.0% of the estimated assessable profits during the six months ended 30 June 2020 and 2021, respectively.

Profit

Our Group recorded a profit of approximately HK\$8.3 million for the six months ended 30 June 2021, representing a decrease of approximately 15.6% when compared to that in the six months ended 30 June 2020. The decrease of the net profit after taxation was mainly due to the fact that no Government grant was received in the first-half of 2021.

Interim Dividend

The Board is pleased to announce that at the Board meeting held on Monday, 30 August 2021, having considered the business, financial and cash flow position of the Group, the Board has declared the Interim Dividend of 1.0 HK cent (for the six months ended 30 June 2020: Nil) per share of the Company, amounting to approximately HK\$5,018,000 in aggregate. The Interim Dividend will be payable on or around Wednesday, 6 October 2021 to the shareholders of the Company (the "Shareholder(s)") whose names appear on the register of members of the Company on Friday, 17 September 2021.

The register of members of the Company will be closed from Wednesday, 15 September 2021 to Friday, 17 September 2021, during which period no transfer of shares of the Company will be registered. In order for a Shareholder to qualify for the Interim Dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 14 September 2021.

Liquidity and Financial Resources

The Group's operation and investments during the reporting period were financed principally by cash generated from its business operations. As at 30 June 2021, the Group had net current assets of approximately HK\$66.9 million (31 December 2020: approximately HK\$80.1 million) and cash and cash equivalents of approximately HK\$48.0 million as at 30 June 2021 (31 December 2020: approximately HK\$62.0 million). The Directors have confirmed that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

Gearing Ratio

As at 30 June 2021, the gearing ratio (calculated on the basis of total bank borrowings divided by total assets at the end of the period/year) of the Group was 0.02 (31 December 2020: 0.02).

Foreign Currency Risk

The Group's business activities are in Hong Kong and Macau and are denominated in Hong Kong dollars and Macau Patacas. The Group currently does not have a foreign currency hedging policy. However, the Directors will continue to monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Other Information

Capital Commitment

As at 30 June 2021, the Group did not have material capital commitments (31 December 2020: Nil).

Capital Structure

The capital structure of the Group consists of equity attributable to the owners of the Company which comprises of issued share capital and reserves. The Directors review the Group's capital structure regularly. As part of this review, the Directors will consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through payment of dividends, issuance of new shares as well as issue of new debts and redemption of existing debts.

Material Acquisitions and Disposal

On 11 June 2021, the Group entered into a renewal of tenancy agreement with the landlord and recognized an addition of right-of-use assets and lease liabilities of HK\$106 million respectively during the six months ended 30 June 2021. For details, please refer to the announcements of the Company dated on 22 June 2021 and 28 June 2021 and the circular of the Company dated on 26 July 2021, respectively, regarding the major transaction in relation to the renewal of the tenancy agreements.

On 1 July 2020, the Group entered into a sale and purchase agreement with independent third parties ("the Vendors"), pursuant to which the Group further purchased a 16% equity interest in Skya Link Limited ("the subsidiary") at a consideration of HK\$75,000 (the "Step Acquisition"). The subsidiary is a company incorporated in Hong Kong and is principally engaged in distribution business.

Employees and Remuneration Policies

As at 30 June 2021, the Group employed 193 (31 December 2020: 221) full time employees. We determine the employee's remuneration based on factors such as qualification, duty, contributions and years of experience and the prevailing market condition.

Charge on the Group's Assets and Contingent Liabilities

As at 30 June 2021, the Group has bank borrowings of approximately HK\$4.5 million (31 December 2020: HK\$4.5 million). The subsidiaries have obtained banking facilities of HK\$55.0 million (31 December 2020: HK\$55.0 million), in which HK\$45.0 million (31 December 2020: HK\$45.0 million) and HK\$10.0 million (31 December 2020: HK\$10.0 million) are guaranteed by the Group and co-guaranteed by the Group and non-controlling interests, respectively.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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 the Model Code for Securities Transactions By Directors of Listed Issuers in Appendix 10 of the 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 six months ended 30 June 2021.

Directors' and Chief Executives' Interests in Shares

As at 30 June 2021, 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"):

Interests in the Company

Name of Director and chief executives	Capacity	Number of shares held/ interested		Total interests	Percentage of Company's issued share capital
		Personal interests	Other interests		
Mr. Yeung Kwong Fat (Note 1)	Interest in a controlled corporation; and beneficial owner	15,032,000	81,192,000	96,224,000	19.17%
Mr. Lee Kam Hung (Note 2)	Interest in a controlled corporation; and beneficial owner	3,968,000	143,796,000	147,764,000	29.44%
Mr. Luk Yau Chi, Desmond (Note 3)	Interest in a controlled corporation; and beneficial owner	5,852,000	76,060,000	81,912,000	16.32%
Mr. How Sze Ming (Note 4)	Beneficial owner	64,000	-	64,000	0.01%
Mr. Jung Chi Pan, Peter (Note 4)	Beneficial owner	64,000	-	64,000	0.01%
Mr. Mak Tung Sang (Note 4)	Beneficial owner	64,000	-	64,000	0.01%

Other Information

Notes:

1. 96,224,000 Shares in which Mr. Yeung is interested consist of (i) 81,192,000 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, and (ii) 15,032,000 Shares is directly held by Mr. Yeung.
2. 147,764,000 Shares in which Mr. Lee is interested consist of (i) 143,796,000 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) 3,968,000 Shares is directly held by Mr. Lee.
3. 81,912,000 Shares in which Mr. Luk is interested consist of (i) 76,060,000 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) 5,852,000 Shares is directly held by Mr. Luk.
4. 64,000 Shares are directly held by Mr. How, Mr. Jung and Mr. Mak respectively.

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 June 2021, 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 June 2021, 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/ interested	Percentage of Company's issued share capital
Best Matrix Global Limited	Beneficial owner	143,796,000	28.65%
Leader Speed Limited	Beneficial owner	76,060,000	15.16%
Orange Blossom International Limited	Beneficial owner	81,192,000	16.18%
Ms. Law Wai Yee (Note 1)	Interest of spouse	96,224,000	19.17%
Ms. Chan Pik Shan (Note 2)	Interest of spouse	147,764,000	29.44%
Ms. Wong Soo Fung (Note 3)	Interest of spouse	81,912,000	16.32%
Ms. Hui Pui Shan (Note 4)	Interest of spouse	64,000	0.01%
Ms. Chan Ka Man (Note 5)	Interest of spouse	64,000	0.01%
Ms. Wong Shuk Ling, Janine (Note 6)	Interest of spouse	64,000	0.01%

Notes:

- 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.
- 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.
- 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.
- Ms. Hui Pui Shan is the spouse of Mr. How and is deemed, or taken to be, interested in Shares in which Mr. How has interest under the SFO.
- Ms. Chan Ka Man is the spouse of Mr. Jung and is deemed, or taken to be, interested in Shares in which Mr. Jung has interest under the SFO.
- Ms. Wong Shuk Ling, Janine is the spouse of Mr. Mak and is deemed, or taken to be, interested in Shares in which Mr. Mak has interest under the SFO.

Other Information

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 June 2021.

Share Incentive Scheme

Award Shares to Directors

As stated in note 14 of this report, the Company had on the Award Date conditionally awarded Award Shares to the following Directors subject to the vesting conditions as set out below:

Name of Directors	No. of Award Shares	Vesting date/ No. of Award Shares
Mr. Yeung Kwong Fat	3,344,000	21 January 2019/1,072,000 20 January 2020/1,136,000 19 January 2021/1,136,000
Mr. Lee Kam Hung	3,344,000	21 January 2019/1,072,000 20 January 2020/1,136,000 19 January 2021/1,136,000
Mr. Luk Yau Chi, Desmond	3,344,000	21 January 2019/1,072,000 20 January 2020/1,136,000 19 January 2021/1,136,000
Mr. How Sze Ming	64,000	21 January 2019/64,000
Mr. Mak Tung Sang	64,000	21 January 2019/64,000
Mr. Jung Chi Pan, Peter	64,000	21 January 2019/64,000

Subject to the fulfilment of the conditions as stated in the Circular of the Company and the selected Directors remain a Director of the Company on each relevant issue date, the Company allotted and issued the Award Shares to each selected Director on each vesting date. The first, the second and the third tranches of the Award Shares of 3,408,000, 3,408,000 and 3,408,000 Shares were issued and allotted to the selected Directors on 21 January 2019, 20 January 2020 and 19 January 2021, respectively.

Arrangements to Purchase Shares or Debentures

Save as disclosed in this report, at no time during the six months ended 30 June 2021 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 June 2021 or at any time during the six months ended 30 June 2021.

Competing Interest

For the six months ended 30 June 2021, the Directors are not aware of any business or interest of the Directors, the Controlling shareholders, the management shareholders and their respective associates (as defined under the Rules Governing the Listing of Securities on the Stock Exchange) that compete or may compete with the business of the Group and any other conflict of interest.

Corporate Governance

Except for the deviation from CG Code provision A.2.1 of the Corporate Governance Code Appendix 14 of The Rules Governing the Listing of Securities on the Stock Exchange (the "CG Code"), the Company's corporate governance practices have complied with the CG Code.

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 both 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. The 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.

Other Information

Audit Committee

The Board has established an audit committee (the “Audit Committee”), 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 and risk management to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, 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, risk management 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 interim results of the Group for the six months ended 30 June 2021.

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

Hong Kong, 30 August 2021

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.

In case of any inconsistency, the English text of this report shall prevail over the Chinese text.