

# 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



2022  
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  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## Principal Bankers

The Bank of East Asia  
Fubon Bank  
Standard Chartered Bank  
OCBC Wing Hang Bank

## Stock Code

6083

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

For the six months ended 30 June 2022

		Six months ended 30 June	
	Notes	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	3	175,240	151,557
Other income		2,419	1,199
Employee benefits expenses		(29,554)	(27,792)
Depreciation of property, plant and equipment and right-of-use assets		(22,999)	(23,150)
Operating lease rentals in respect of rented premises		(1,734)	(327)
Sub-contracting expenses		(19,981)	(19,753)
Cost of products recognised		(77,320)	(61,633)
Operating lease rental in respect of plant, machinery and equipment		(839)	(253)
Other expenses	5	(10,482)	(10,284)
<b>Profit from operations</b>		<b>14,750</b>	9,564
Finance costs		(1,226)	(319)
<b>Profit before taxation</b>		<b>13,524</b>	9,245
Income tax expense	6	(2,206)	(925)
<b>Profit and total comprehensive income for the period</b>		<b>11,318</b>	8,320
<b>Attributable to:</b>			
Equity shareholders of the Company		10,338	7,976
Non-controlling interests		980	344
<b>Profit and total comprehensive income for the period</b>		<b>11,318</b>	8,320
<b>Earnings per share (HK cents)</b>	8		
Basic		2.06	1.59
Diluted		2.06	1.59

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	8,099	9,797
Right-of-use assets	10	81,749	92,255
Rental deposits		6,269	6,337
Deferred tax assets		1,868	1,801
		<b>97,985</b>	110,190
<b>Current assets</b>			
Inventories – finished goods		17,465	15,346
Trade and other receivables and contract assets	11	67,675	76,173
Rental deposits		683	779
Tax recoverable		–	817
Bank balances and cash		51,358	39,298
		<b>137,181</b>	132,413
<b>Current liabilities</b>			
Trade and other payables and accrued expenses and contract liabilities	12	14,427	18,246
Tax payable		2,339	942
Lease liabilities		44,312	36,497
Amounts due to non-controlling interests		1,241	1,241
Dividend payable		10,037	5,018
Bank borrowings		2,500	4,500
		<b>74,856</b>	66,444
<b>Net current assets</b>		<b>62,325</b>	65,969
<b>Total assets less current liabilities</b>		<b>160,310</b>	176,159

## Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
<b>Non-current liabilities</b>			
Provisions		1,159	1,300
Lease liabilities		39,941	56,930
		<b>41,100</b>	58,230
<b>NET ASSETS</b>		<b>119,210</b>	117,929
<b>CAPITAL AND RESERVES</b>			
Share capital	13	5,018	5,018
Reserves		111,915	111,614
Total equity attributable to equity shareholders of the Company		<b>116,933</b>	116,632
Non-controlling interest		<b>2,277</b>	1,297
<b>TOTAL EQUITY</b>		<b>119,210</b>	117,929

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to the owners of the Company					Total	Non-controlling interest	Total equity
	Share capital	Share premium	Merger reserve	Capital reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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
At 1 January 2022 (audited)	<b>5,018</b>	<b>66,139</b>	<b>10</b>	<b>-</b>	<b>45,465</b>	<b>116,632</b>	<b>1,297</b>	<b>117,929</b>
Profit and total comprehensive income for the period	-	-	-	-	10,338	10,338	980	11,318
Dividends	-	-	-	-	(10,037)	(10,037)	-	(10,037)
At 30 June 2022 (unaudited)	<b>5,018</b>	<b>66,139</b>	<b>10</b>	<b>-</b>	<b>45,766</b>	<b>116,933</b>	<b>2,277</b>	<b>119,210</b>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>40,209</b>	19,399
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(699)	(492)
Interest received	9	5
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(690)</b>	(487)
<b>FINANCING ACTIVITIES</b>		
Capital element of lease rentals paid	(19,194)	(22,000)
Interest element of lease rentals paid	(1,192)	(268)
Interest paid	(55)	(51)
Repayment of bank borrowings	(2,000)	–
Proceed from issue of new shares in relation to award of new shares	–	1,888
Dividends paid	(5,018)	(12,452)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(27,459)</b>	(32,883)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>12,060</b>	(13,971)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>39,298</b>	61,976
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash</b>	<b>51,358</b>	48,005

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 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 supply chain management service business and full service 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 25 August 2022.

## 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 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 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 2021 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 2022

### 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 HKAS 16, *Property, plant and equipment: Proceeds before intended use*

Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3. REVENUE

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
Supply chain management service income	88,894	82,189
Full service distribution sales	86,346	69,368
	175,240	151,557

## Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 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"). The CODM reviews the revenue and results analysis of the Group on a regular basis.

During the six months ended 30 June 2022, the CODM revisited and determined the logistic solutions business and customisation services as one operating segment for the purpose of resource allocation and performance assessment, and therefore reclassified the existing three business segments into (i) supply chain management service business; and (ii) full service distribution business. Following the change in the composition of the Group's operating segments that in turn results in a change in the reportable segments, the segment information for the six months ended 30 June 2021 is restated to conform to the current period's presentation.

#### 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 2022

	Supply chain management service business HK\$'000 (Unaudited)	Full service distribution business HK\$'000 (Unaudited)	Segment total HK\$'000 (Unaudited)	Eliminations HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>Disaggregated by timing of revenue recognition</b>					
Point in time	59,534	86,346	145,880	-	145,880
Overtime	29,360	-	29,360	-	29,360
<b>Revenue</b>					
Revenue from external customers	88,894	86,346	175,240	-	175,240
Inter-segment revenue	384	-	384	(384)	-
	89,278	86,346	175,624	(384)	175,240
<b>Results</b>					
Segment results	12,155	2,310			14,465
Unallocated corporate income					-
Unallocated corporate expenses					(941)
Profit before taxation					13,524

## Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 4. SEGMENT INFORMATION (Continued)

#### Segment revenue and results (Continued)

For the six months ended 30 June 2021 (Restated)

	Supply chain management service business HK\$'000 (Unaudited)	Full service distribution business HK\$'000 (Unaudited)	Segment total HK\$'000 (Unaudited)	Eliminations HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>Disaggregated by timing of revenue recognition</b>					
Point in time	51,917	69,368	121,285	-	121,285
Overtime	30,272	-	30,272	-	30,272
<b>Revenue</b>					
Revenue from external customers	82,189	69,368	151,557	-	151,557
Inter-segment revenue	401	-	401	(401)	-
	82,590	69,368	151,958	(401)	151,557
<b>Results</b>					
Segment results	7,622	2,471			10,093
Unallocated corporate income					-
Unallocated corporate expenses					(848)
Profit before taxation					9,245

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 2022

### 4. SEGMENT INFORMATION (Continued)

Other segment information

For the six months ended 30 June 2022

	Supply chain management service business HK\$'000 (Unaudited)	Full service distribution business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Addition to property, plant and equipment	660	39	699
Addition to right-of-use assets	8,833	1,187	10,020

For the six months ended 30 June 2021 (Restated)

	Supply chain management service business HK\$'000 (Unaudited)	Full service distribution business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Addition to property, plant and equipment	343	149	492
Addition to right-of-use assets	106,000	–	106,000

### 5. OTHER EXPENSES

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Legal and professional fees	1,370	1,415
Credit loss of trade receivables	39	641
Transportation expense	2,490	1,925
Utilities	1,150	966
Repair and maintenance	438	707
Warehouse expense	2,513	1,424
Packing materials	343	160
Insurance	817	933
Miscellaneous	1,322	2,113
	<b>10,482</b>	10,284

## Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current income tax		
– Hong Kong Profits Tax	2,222	1,459
Deferred taxation	(16)	(534)
<b>Total income tax expense for the period</b>	<b>2,206</b>	<b>925</b>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2022 (for the six months ended 30 June 2021: 16.5%). Macau corporate tax is calculated at 12% of the estimated assessable profits for the six months ended 30 June 2022 (for the six months ended 30 June 2021: 12%).

### 7. INTERIM DIVIDEND

A special dividend (the "Special Dividend") of 1.0 HK cent (year ended 31 December 2020: 2.5 HK cents) per share amounting to HK\$5,018,000 in aggregate (year ended 31 December 2020: HK\$12,452,000) was declared and approved by the Board pursuant to Article 155(c) of the Company's Articles of Association on 25 November 2021. The Special Dividend was paid in cash during the six months ended 30 June 2022.

At the Company's annual general meeting held on 16 June 2022, the shareholders of the Company approved the payment of a final dividend of 2.0 HK cents (year ended 31 December 2020: 1.0 HK cent) per share amounting to HK\$10,037,000 in aggregate (year ended 31 December 2020: HK\$5,018,000) for the year ended 31 December 2021, as recommended by the Board, which was paid in cash to the shareholders of the Company on 14 July 2022, whose names appeared on the register of members of the Company on 22 June 2022.

The Board is pleased to announce that at the Board meeting held on Thursday, 25 August 2022, 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 2021: 1.0 HK cent) 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 29 September 2022 to the shareholders of the Company (the "Shareholder(s)") whose names appear on the register of members of the Company on 8 September 2022.

The register of members of the Company will be closed from Friday, 9 September 2022 to Wednesday, 14 September 2022, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Thursday, 8 September 2022.

## Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 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\$10,338,000 (for the six months ended 30 June 2021: HK\$7,976,000) and the weighted average of 501,843,000 ordinary shares (as at 30 June 2021: 501,466,000) in issue during the six months ended 30 June 2022, calculated as follows:

#### Weighted average number of ordinary shares

	2022 '000 (Unaudited)	2021 '000 (Unaudited)
Weighted average number of ordinary shares used in calculating basic earnings per share	501,843	501,466

#### (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\$10,338,000 for the six months ended 30 June 2022 (for the six months ended 30 June 2021: HK\$7,976,000) and the weighted average number of ordinary shares of 501,843,000 shares (as at 30 June 2021: 501,843,000), calculated as follows:

#### Weighted average number of ordinary shares (diluted)

	Six months ended 30 June	
	2022 '000 (Unaudited)	2021 '000 (Unaudited)
Weighted average number of ordinary shares used in calculating basic earnings per share	501,843	501,466
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
Weighted average number of ordinary shares used in calculating diluted earnings per share	501,843	501,843

### 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired approximately HK\$699,000 (six months ended 30 June 2021: HK\$492,000) of equipment.

## Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 10. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2022, additions to right-of-use assets were HK\$10,020,000 (six months ended 30 June 2021: HK\$106,000,000) primarily related to the capitalised lease payments payable under renewal of tenancy agreements.

### 11. TRADE RECEIVABLES

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Trade receivables, net of loss allowance	<b>59,905</b>	56,560

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:

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
0 – 30 days	<b>24,466</b>	26,608
31 – 60 days	<b>21,397</b>	16,337
61 – 90 days	<b>9,859</b>	6,449
Over 90 days	<b>4,183</b>	7,166
	<b>59,905</b>	56,560

### 12. TRADE AND OTHER PAYABLES, ACCRUED EXPENSES AND CONTRACT LIABILITIES

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Trade payables	<b>8,171</b>	5,848
Accrued employees benefits	<b>1,627</b>	3,346
Accrued expenses	<b>3,565</b>	3,471
Other payables	<b>1,064</b>	1,981
Contract liabilities	<b>–</b>	3,600
	<b>14,427</b>	18,246

## Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

### 12. TRADE AND OTHER PAYABLES, ACCRUED EXPENSES AND CONTRACT LIABILITIES (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 2022, the aging analysis of trade payables based on invoice date, is as follows:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
0 – 30 days	4,375	5,625
31 – 60 days	195	147
61 – 90 days	1	–
Over 90 days	–	76
	<b>4,571</b>	5,848

### 13. SHARE CAPITAL

	Number of shares		Share capital	
	30 June 2022 (Unaudited)	31 December 2021 (Audited)	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Issued and fully paid:				
At beginning of the period/year	501,843,000	498,067,000	5,018	4,981
Issue of ordinary shares in relation to award of new shares	–	3,776,000	–	37
At end of the period/year	<b>501,843,000</b>	501,843,000	<b>5,018</b>	5,018

### 14. COMPARATIVE FIGURES

As a result of the change in operating segments determined by the Group's CODM during the six months ended 30 June 2022, certain comparative figures have been adjusted to conform to current period's presentation. Further details of the change in operating segments is disclosed in note 4.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review

The Group is one of the well-established one-stop logistics supply chain management service provider specializing in Fast Moving Consumer Goods ("FMCG") and food and beverage ("F&B"), which include 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 full service distribution business after we acquired a wholly-owned 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. Since then, the Group began to provide full services distribution solution, covered both the supply chain management services and distribution services to its customers.

The global economy which is full of uncertainty and challenge, deteriorated during the first half of 2022 due to the unexpected high inflation and the accelerating interest rate. Besides the global environment, the outbreak of the 5<sup>th</sup> wave of the COVID-19 pandemic (the "Pandemic") in Hong Kong and the recent resurgence of the Pandemic in Macau have once again delayed the recovery of the economy, and brought significant adverse impact to the business environment. According to the Report entitled "Gross Domestic Product ("GDP") (Quarterly) (Second Quarter 2022)" 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 2022 decreased by 3.9% and 1.3% respectively. Another publication entitled "Report on Monthly Survey of Retail Sales (June 2022)" released by the C&SD reported that the estimated value index of the total retail outlets decreased by 2.6% in the first half of 2022 when compared with that for the same period in 2021. Visits to Hong Kong and Macau are still subject to restrictions which have affected the recovery of the tourism and the retail industries.

The outbreak of the 5<sup>th</sup> wave of the Pandemic in Hong Kong has adversely impacted most industries in Hong Kong and nearly shut down the city. The Group continues to devote its effort in preventing the spreading of the Pandemic in its premises to ensure the health and safety of its employees and customers. During the 5<sup>th</sup> wave of the Pandemic, the Group has successfully maintained its operation and no single day or order has been affected. Meanwhile, the Group has successfully satisfied the market demand for logistics services during this critical moment whilst the businesses of some logistic service providers were adversely affected.

Supply Assurance is always the key promise to our customers. The Group has adopted a lot of different measures to ensure business continuity. With all these efforts, the Group has been awarded certain new business in the logistics supply chain management service segment in this difficult moment of time in Hong Kong. This proves that the Group is a partner worth to trust in the industry.

## Management Discussion and Analysis

Operation Excellence is the Group's cornerstone and this means quality in services and efficiency in execution. The Group has actively enhanced its service quality and technology to satisfy the needs of the customers and to improve its efficiency. During the past years, the Group has gained a high reputation in the industry and its customers as well. The new business obtained by the Group reflects the recognition of quality from the market especially during this difficult time. The Group is thankful for the effort and support of its employees, the suppliers and the customers. With all the efforts and improvement, the Group's ratio of segment result before tax to revenues for supply chain management service business increased from 9.2% to 13.6%.

The key success of full service distribution business is to build a bonded relationship with its business principal partners. The Group's achievement of a significant growth in the revenues of the full service distribution business has reflected the quality of its sales and marketing team in term of how to seek every business opportunity even in a difficult moment. The successful sales and marketing strategy in launching different level of promotion to the market has strengthened the relationship with the customers. Having said that it is still a very hard time at the moment, but the Group believes that the result will be even better if it walks out of storm in coming days.

### Milestone in 2022

Despite the fact that the business environment is full of challenges, the Group managed to achieve a steady growth in sales and profit due to the support of its employees, the fulfillment of market demand, the provision of quality services, the adoption of cost control and the receipt of Government grant.

Notwithstanding the temporary suspension of the logistic supply chain in Hong Kong and China in the first half of 2022, the Group has actively approached different potential customers and obtained additional businesses from its current customers. The Group has further built up its relationship and began the business with one of the most popular beverage producers and one of the world-wide recognised food manufacturer. The extension of business network indicates the quality and efficiency prospective demand, as well as the trust, from its customers, after being awarded the ISO 22000 (Food and Safety Management System) Certificate in 2020. Moreover, the Group is able to better utilize its capacity and achieve a better result when compared with that for the six months period ended 30 June 2021.

The Group regards the health and safety of its employees and customers as paramount importance. With the application of protective measures and contingency plans to protect its staff and maintain its operation, the Group managed to maintain its logistic supply chain to provide support to its valuable customers during the Pandemic. The Group not only securing its existing customers, it also managed to extend its services to assist other global player customers in this critical moment. The Group believes that trust has been built up with those customers and helped to develop the long term business in the future.

## Management Discussion and Analysis

The Group continued to adopt stringent cost control measures during the six months ended 30 June 2022. After the redesign and renovation of the warehouse, the capacity of the warehouse has increased and the warehouse was better utilised. By improving the capacity of warehouse and investing in different software application, the Group has achieved overall sales growth in total logistic solution and customization even with less leased area of space.

Technology application is always the Group's policy to maintain competitive power and operation efficiency. The Group has extended the use of existing tools such as Transportation Management System, E-commerce warehouse management system and in-house auto-transit equipment. The Group has also applied the big data concept to manage its daily business and to evaluate the performance of its daily operations. With these support in technology, the management team can timely monitor the operation performance level and quickly reacted to maximize the operation efficiency as a whole. In addition, the Group has applied a semi-automation process in part of its operation to improve efficiency. Moreover, the Group has applied the transportation management system for the current customers to strengthen its foundation to Business to Customers ("B2C") solution.

Under the poor condition of the retail market, the Group still managed to achieve a remarkable sales growth in the full service distribution business during the six month ended 30 June 2022, due to the adoption of effective sales and marketing strategy in launching different level of promotion to the market. Although the Pandemic has brought some adverse impact to its performance, the Group was able to maintain the profit making position, which was most credited to the good cost control and professional excellence from its sales and marketing team.

With our motto "Always Can Do", we are committed to provide reliable and professional logistics solutions, as well as the distribution solution 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 Group believes that the worst time of the Pandemic has passed. However, the global economy is expected to deteriorate due to high inflation and the accelerating interest rates. The management of the Group remains cautious with the performance of the Group in the second half of 2022. The Group will continue to equip itself and to prepare for opportunities which may arise.

## Management Discussion and Analysis

### Financial Review

#### Revenue

The revenue of the Group increased by approximately 15.6% from approximately HK\$151.6 million for the six months ended 30 June 2021 to approximately HK\$175.2 million for the six months ended 30 June 2022. The increase in revenue was driven by an organic growth of business.

Revenue generated from our supply chain management service business increased by approximately 8.2% from approximately HK\$82.2 million for the six months ended 30 June 2021 to HK\$88.9 million for the six months ended 30 June 2022. The increase of revenue was mainly due to the recruitment of new customers.

Revenue generated from our full service distribution business increased by approximately 24.5% from approximately HK\$69.4 million for the six months ended 30 June 2021 to HK\$86.3 million for the six months ended 30 June 2022. The increase in revenues was due to the adoption of effective sales and marketing strategy in launching different level of promotion support to the market.

#### Employee benefits expenses

Employee benefits expenses primarily consist of wages and salaries, medical benefits, and other allowances and benefits. Our employee benefits expenses amounted to approximately HK\$29.6 million for the six months ended 30 June 2022 (for the six months ended 30 June 2021: HK\$27.8 million). Our Group had a total of 195 and 194 full-time employees as at 31 December 2021 and 30 June 2022 respectively. The increment of employee benefits expenses was driven by salary increment and improvement of staff benefits.

#### Other expenses

Other expenses mainly include 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 2022, other expenses amounted to approximately HK\$10.5 million (for the six months ended 30 June 2021: HK\$10.3 million). The increment of approximately 1.9% was mainly due to the increase in transportation expenses and other operating cost following the expansion of our distribution business.

### Taxation

The taxation mainly represents 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 2021 and 2022, respectively.

### Profit

Our Group recorded a profit of approximately HK\$11.3 million for the six months ended 30 June 2022, representing an increase of approximately 36.0% when compared with that for the six months ended 30 June 2021. The increase in profit after taxation was mainly attributable to (i) the significant increase in the sales of disinfectionary products; (ii) receipt of Government grants; (iii) the profit contributed by new customers, which include a world-wide recognised food manufacturer with headquarter in Hong Kong and a vast array of world-class brand distributors with various business lines; (iv) the extension of the cold chain logistics business with the addition of a multinational consumer goods company based in England; and (v) improved work efficiency which helps to net off the decrease in the profit from the Macau operation.

## OTHER INFORMATION

### Interim Dividend

The Board is pleased to announce that at the Board meeting held on Thursday, 25 August 2022, 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 2021: 1.0 HK cent) per share of the Company, amounting to approximately HK\$5,018,000 in aggregate. The Interim Dividend will be payable on or around Thursday, 29 September 2022 to the shareholders of the Company (the "Shareholder(s)") whose names appear on the register of members of the Company on Wednesday, 14 September 2022.

The register of members of the Company will be closed from Friday, 9 September 2022 to Wednesday, 14 September 2022, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Thursday, 8 September 2022.

### 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 2022, the Group had net current assets of approximately HK\$62.3 million (31 December 2021: approximately HK\$66.0 million) and cash and cash equivalents of approximately HK\$51.4 million as at 30 June 2022 (31 December 2021: approximately HK\$39.3 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 2022, 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 2021: 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.

## Capital Commitment

As at 30 June 2022, the Group did not have material capital commitments (31 December 2021: 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 of Subsidiaries and Affiliated Companies

For the six months ended 30 June 2022, the Group did not have any material acquisitions and disposal of subsidiaries, associates and joint ventures.

## Employees and Remuneration Policies

As at 30 June 2022, the Group employed 194 (31 December 2021: 195) 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 2022, the Group has bank borrowings of approximately HK\$2.5 million (31 December 2021: HK\$4.5 million). The subsidiaries have obtained banking facilities of HK\$39.0 million (31 December 2021: HK\$39.0 million), in which HK\$29.0 million (31 December 2021: HK\$29.0 million) and HK\$10.0 million (31 December 2021: HK\$10.0 million) are guaranteed by the Group and co-guaranteed by the Group and non-controlling interests, respectively.

## Other Information

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

During the six months ended 30 June 2022, 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 2022.

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

As at 30 June 2022, 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	15,112,000	81,392,000	96,504,000	19.23%
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. 96,504,000 Shares in which Mr. Yeung is interested consist of (i) 81,392,000 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) 15,112,000 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

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity/ Nature of interest</b>	<b>Number of shares</b>	<b>Percentage of shareholding</b>
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 2022, 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.

## Other Information

### Substantial Shareholders' Interests in Shares

As at 30 June 2022, 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	81,392,000	16.22%
Ms. Law Wai Yee (Note 1)	Interest of spouse	96,504,000	19.23%
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:

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.

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 2022.

### **Arrangements to Purchase Shares or Debentures**

Save as disclosed in this report, at no time during the six months ended 30 June 2022 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 2022 or at any time during the six months ended 30 June 2022.

### **Competing Interest**

For the six months ended 30 June 2022, 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 C.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.

## Other Information

CG Code provision C.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 C.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"), 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 2022.

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

Hong Kong, 25 August 2022

*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.*