

# 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

Annual Report



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# CHAIRMAN'S STATEMENT



**Mr. Yeung Kwong Fat**  
Chairman and Chief Executive Officer



Dear Shareholders,

With great pleasure, I hereby present on behalf of the Board of Directors (the "Board") the annual report of the Group for the year ended 31 December 2022 ("2022").

2022 is another difficult year as the adverse impact of the COVID-19 pandemic (the "Pandemic") continued to affect the business of the Group. In addition, the global business environment has deteriorated due to high inflation and economic recession. Thanks to the effort of our employees, the Group managed to maintain its revenue level even during this difficult period. According to the statistics published by the "tradingeconomics.com" (an online platform which provides historical economic data, forecasts, news etc.), the GDP annual growth rate of Hong Kong for 2022 recorded negative 4.2%. Despite the challenging economic environment in 2022, the Group managed to record a net profit after tax of approximately HK\$21.4 million for the year ended 31 December 2022, representing 34.2% increase (including the Government grants received). Please refer to the section entitled "Business Review" for details of our performance.

During 2022, our business gradually recovered and managed to lift up from the bottom of the supply chain industry. We have continued to provide our customers with quality supply chain management services during the 5th wave of the Pandemic in Hong Kong. Thanks to the strong logistics base which we have developed in the past 30 years, we managed to fill the empty space in the market and played an important role in assisting our customers in maintaining their business operations. However, our growth in the distribution business has been seriously disrupted due to the outbreak of the Pandemic in Hong Kong and Macau. Our operations in Macau have almost been suspended due to the anti-pandemic policies adopted by both Governments. Fortunately, the worst time has passed and the economy in both Hong Kong and Macau will further improve with the easing of the travelling restrictions and the re-opening of borders. In the coming years, we will continue our strategic move as a fourth party logistics ("4PL") service provider to achieve an organic growth in both the Hong Kong and the Macau market.

We are able to safeguard our core business by minimizing the adverse impact of the Pandemic. The Group has successfully maintained our profit making position in the full service distribution segment in 2022 and we are ready to further expand our full service distribution segment in the coming years to maximise our synergy of logistics backbone and distribution networking.



### Outlook

The business environment in 2023 is expected to continue to face a number of challenges and opportunities. The ongoing COVID-19 pandemic continues to pose risks and uncertainties. The downturn of the global economy is another concern which influences the customers' consumption desire. However, we still can see the potential of business opportunities in the market. The weaker market players may pull out and create chances for us. Moreover, the easing of travelling restrictions and the re-opening of borders will certainly create business volume which is beneficial to the fast moving consumer goods industry. We will continue to adopt a cautious approach to manage our operation and to expand our business and market share. We believe that our high quality service and our professional team will be able to continue to provide our customers with good quality services and create value for our customers. The Group will continue to devote its effort in preventing the spreading of the COVID-19 pandemic in its premises and to ensure the health and safety of our employees and customers.

The Group will continue to optimize our services quality and IT systems to upgrade ourselves to cater for future development and growth and implement more stringent cost control measures to further improve our cost efficiency. We believe that our strategic move as a 4PL services provider is our key successful road in the future.

### Appreciation

On behalf of my fellow Directors, I would like to thank all our staff for their devotion and faithful commitment, for the Group's achievements in 2022, despite the abovesaid challenges.

I would also like to extend my gratitude to our valued customers and business associates for their steadfast support. To our shareholders, we thank you for your confidence in the Group. We will commit ourselves to create sustainable shareholder value and solid financial performance in the years ahead. Last but not least, my heartfelt appreciation also goes to my fellow Directors for their guidance, advice and insight in steering the Group forward.

**Yeung Kwong Fat**  
*Chairman and Chief Executive Officer*

Hong Kong, 27 March 2023

# 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, CPA

## 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>

## Auditor

KPMG  
*Certified Public Accountants*  
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

## 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.  
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



# 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"), 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 the full service distribution business after we acquired a subsidiary in Macau in 2019 and has set-up a non-wholly owned subsidiary in Hong Kong in 2020.

During 2022, the recovery of the external economic environment was slow and full of challenge with variant of the COVID-19 pandemic. According to the Report entitled "Gross Domestic Product ("GDP") (Yearly)" 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 2022 decreased by 3.5%. Another publication entitled latest "Report on Monthly Survey of Retail Sales" released by C&SD, the value of the total retail sales has provisionally been estimated to have decreased by 0.8% in value over that of 2021 as a whole.

Moreover, the business environment in Macau was even worse than that of Hong Kong during 2022. According to the report entitled "Macao Economic Bulletin (Third Quarter)" issued by the Statistics and Census Service of the Government of Macao Special Administrative Region ("SCSM"), the year-on-year rate of change in real terms of GDP up to the third quarter of 2022 in Macau dropped by 33.4%, which indicates that the Macau market was significantly hurt.

Although we were under a difficult business environment, the Group performed well during 2022 and achieved an overall steady growth.

## Achievement 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 grants.

After the congestion of oversea shipment supply chain problem has lessen, the volume of transactions has climbed up from the bottom end in 2022. The Group has focused on our supply chain solution in Hong Kong and has achieved a solid growth in 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 with one of the most popular beverage producers and one of the world-wide recognised food manufacturer. The Group has also expanded its cold chain logistics business with a new customer which is a multinational consumer goods company based in England. The extension of our business network indicates the quality and efficiency of our service, as well as the trust, from our customers.

The Group not only focuses on securing business with customers, the health and safety of its employees and customers are also of paramount importance. The Group has adopted lots of protective measures and contingency plans to protect its staff and maintain its operation. The Group managed to maintain its logistic supply chain services to provide support to its valuable customers during the Pandemic.

The Group continued to adopt stringent cost control measures during 2022. After the redesign and renovation of the warehouse, the capacity of our warehouse has increased and the warehouse has been better utilised. By improving the capacity of our warehouse and investing in different software application, the Group has achieved overall sales growth in the supply chain management services and a significant growth of 45.8% increase in segment result before tax (excluding government grant receipt).



## Management Discussion and Analysis

Together with the strong backbone support of our supply chain management, and the offering of full service distribution business in Macau and Hong Kong starting from 2019 and 2020 respectively, the Group has continuously put lots of efforts to extend its market shares and the distribution network with vendors and retailers. The Group has obtained the requisite medical import and export licenses in Macau which enable it to provide the principals of various international brands with the most suitable sales and marketing strategy for distribution of their products. Currently, the Group co-operates with several well-known international brands which include a medical and beauty products manufacturer based in Europe and some health care product producers based in Asia. Even through the Group has suffered a temporary loss during the short period of Pandemic outbreak in Macau during mid 2022, the Group has returned to the normal track quickly after the short break. The Group believes that the easing of travel restrictions and the return of tourism could help to boost the region's economy. In addition, the ongoing development of infrastructure and tourism projects in the Greater Bay Area could also create new opportunities for growth in both the Hong Kong and Macau market. With the experience gained from our Macau operation and our distribution partnership in Hong Kong, the Group will adopt a similar model in our Hong Kong operation soon to further expand the Group's market share and business.

The Group is flattered with the trust from our customers. However, we never forget to enhance our competitive power. Quality assurance and technology are always our focuses to maintain our high quality service. To achieve a better distribution sales management, e-commerce trend and case fulfillment order, the Group is in the process of upgrading its systems to tailor for full service distribution business. The Group believes that this technology upgrade will enable the Group to expand in the full service distribution. The Group's years of effort will bring it up a world class standard to exceed our customers' requirements.

The Group was also granted the license from Pharmacy and Poisons Board for storage of pharmaceutical products and poisons during 2022, which enabled the Group's future expansion as the service provider in this sector.

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.

### Financial Review

#### Revenue

The revenue of the Group decreased by approximately 2.6% from approximately HK\$336.5 million for the year ended 31 December 2021 to approximately HK\$327.6 million for the year ended 31 December 2022. The Group's revenue remained stable during the year.

#### Other net income

Other net income comprised bank interest income and other miscellaneous income. Other net income amounted to HK\$2.5 million and HK\$5.0 million for the year ended 31 December 2021 and the year ended 31 December 2022 respectively. The increment is mainly due to the receipt of Government grants of HK\$3.8 million in 2022.



### Employee benefits expenses

Employee benefits expenses primarily consisted of wages and salaries, Award Shares, medical benefits, and other allowances and benefits. Our employee benefits expenses amounted to approximately HK\$61.7 million for the year ended 31 December 2022 (2021: HK\$54.9 million). The increase is mainly due to the salary increment. Our Group had a total of 195 and 196 full-time employees as at 31 December 2021 and 31 December 2022 respectively. The Group maintains a relative stable number of staff.

### Other expenses

Other expenses mainly include other operating cost for the warehousing and value-added services, electricity, repairs and maintenance, consumables, entertainment, rates, office and store supplies. For the years ended 31 December 2021 and 2022, other expenses amounted to approximately HK\$17.7 million and HK\$21.0 million respectively. The increment is mainly due to the increase in warehouse expense as a result of the increase in the volume of the supply chain management service business.

### Taxation

Income tax expense represents the provision of Hong Kong profits tax and Macau Complementary tax calculated at 16.5% and 12.0% respectively of the estimated assessable profits during the year ended 31 December 2022. Both the Hong Kong SAR Government and the Macau SAR Government granted a reduction of profits tax for the year of assessment 2021-2022. Please refer to Note 9(a) to the consolidated financial statements.

### Profit and total comprehensive income for the year ended 31 December 2022

The Group recorded a net profit of approximately HK\$21.4 million for the year ended 31 December 2022, representing an increase of approximately 34.2% when compared to that for the year ended 31 December 2021. The increase in the net profit is mainly due to the (i) the significant increase in the sales of disinfectionary products; (ii) the receipt of Government grants; (iii) the profit contributed by new customers, which include (a) a world-wide recognised food manufacturer with headquarter in Hong Kong and (b) a multinational consumer goods company based in England in relation to the cold chain logistics business; (iv) the increase in the volume of services in the supply chain management business from its valuable customers; and (v) the improved work efficiency which helps net off the decrease in the contributions from the Macau operation.

### Liquidity and Financial Resources

The Group's operation and investments are financed principally by cash generated from its business operations and bank borrowings. As at 31 December 2022, the Group had net current assets of approximately HK\$54.1 million (2021: approximately HK\$66.0 million), cash and cash equivalents and bank borrowings of approximately HK\$54.1 million (2021: HK\$39.3 million) and HK\$2.0 million (2021: HK\$4.5 million) as at 31 December 2022, respectively. 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 31 December 2022, the gearing ratio (calculated on the basis of total bank borrowings divided by total assets at the end of the year) of the Group was 0.01 (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.



# Management Discussion and Analysis

## Capital Commitment

As at 31 December 2022, the Group did not have material capital commitments (2021: Nil).

## Dividend

On 25 August 2022, the Board declared an Interim Dividend of 1.0 HK cent per share of the Company, amounting to approximately HK\$5,018,000 in aggregate. The Interim Dividend has been paid on 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.

On 21 November 2022, the Board declared a special dividend of 3.0 HK cents per share of the Company, amounting to approximately HK\$15,055,000 in total (the "Special Dividend"). The Special Dividend has been paid on Tuesday, 3 January 2023 to the shareholders of the Company whose names appear on the register of members of the Company on Tuesday, 13 December 2022.

The Board is pleased to announce that at the Board meeting held on 27 March 2023, resolutions have been passed to recommend the payment of a final dividend (the "Final Dividend") of 1.0 HK cent (2021: 2.0 HK cents) per share amounting to approximately HK\$5,018,000 in aggregate.

The Final Dividend has been recommended by the Board and is subject to approval by the shareholders of the Company in the forthcoming Annual General Meeting. The Final Dividend (if approved by the shareholders in the forthcoming Annual General Meeting) will be paid in cash on or around Tuesday, 4 July 2023 to the shareholders whose names appear on the register of members of the Company at the close of business on Friday, 16 June 2023, being the record date for determination of entitlements to the Final Dividend.

To determine the persons who are entitled to the proposed Final Dividend of 1.0 HK cents per share for the year ended 31 December 2022, the register of members of the Company will be closed from Wednesday, 14 June 2023 to Friday, 16 June 2023, both days inclusive, during which period no transfer of shares will be registered. In order for a shareholder to qualify for the Final Dividend, all transfer forms accompanied by relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 13 June 2023.

## Capital Structure

The capital structure of the Group consists of equity attributable to the owners of the Company which comprise of issued share capital and reserves. The Directors will review the Group's capital structure regularly. As part of this review, the Director 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.

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

As at 31 December 2022, the Group has bank borrowings of approximately HK\$2.0 million (2021: HK\$4.5 million). The subsidiaries within the Group have banking facilities of HK\$25.0 million (2021: HK\$39.0 million), in which HK\$15.0 million (2021: HK\$29.0 million) and HK\$10.0 million (2021: HK\$10.0 million) are guaranteed by the Group and co-guaranteed by the Group and non-controlling interests, respectively.

The Group has no material contingent liabilities as at 31 December 2022 (2021: Nil).



### **Material Acquisitions and Disposal**

For the year ended 31 December 2022, the Group did not have material acquisitions and disposal.

On 11 June 2021, the Group has renewed a tenancy agreement with the landlord and has recognized an addition of right-of-use assets and lease liabilities of HK\$106 million respectively during the year ended 31 December 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.

### **Employees and Remuneration Policies**

As at 31 December 2022, the Group employed 196 (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.



# DIRECTORS AND SENIOR MANAGEMENT

## Executive Directors

**Mr. Yeung Kwong Fat (楊廣發)**, aged 70, was appointed as the Chairman of the Board, an Executive Director and the Chief Executive Officer of our Group on 4 September 2015. Mr. Yeung is also the chairman of the Nomination Committee. He is one of the founders of our Group and has been a director of World-Link Roadway System Company Limited since January 1994 and a director of World-Link Packing House Company Limited since July 2009. Mr. Yeung completed his secondary education in Hong Kong in July 1970. Since the establishment of the business of our Group, Mr. Yeung has accumulated over 25 years of experience in the logistics industry from managing the warehouse of our Group, negotiating business deals with clients and pitching the business of our Group to prospective customers. On top of the aforesaid, Mr. Yeung is currently also responsible for the overall corporate strategic planning, business development and major decision-making of our Group.

**Mr. Lee Kam Hung (李鑑雄)**, aged 69, was appointed as an Executive Director of our Group on 4 September 2015. He is one of the founders of our Group and has been a director of World-Link Roadway System Company Limited since October 1990 and a director of World-Link Packing House Company Limited since March 1996. Mr. Lee completed his secondary education in Hong Kong in August 1971. Since the establishment of the business of our Group, Mr. Lee has accumulated over 25 years of experience in the logistics industry from managing the vehicle fleet and the transportation service of our Group. Since 2000, Mr. Lee has been the operation director of our Group, who is currently, on top of aforesaid, responsible for monitoring the business operations of our Group.

**Mr. Luk Yau Chi, Desmond (陸有志)**, aged 58, was appointed as an Executive Director on 4 September 2015. Mr. Luk is also one of the members of the Remuneration Committee. Mr. Luk has been a director of World-Link Roadway System Company Limited and World-Link Packing House Company Limited since July 2009. Since 2009, Mr. Luk has been the commercial director of our Group, who is responsible for overseeing the overall business development of our Group and the support service division of our Group.

Mr. Luk obtained a Bachelor's Degree of Science in Business Studies from the University of Wales in the United Kingdom in July 1989, a Master's Degree in Business Administration from the University of Surrey in the United Kingdom in November 2001 and a Continuing Education Diploma in Professional Management for China Business from the City University of Hong Kong in May 2003.

Mr. Luk has over 15 years of experience in the food and beverage, catering and logistics industries. From September 1997 to May 2004, Mr. Luk worked as a sales manager at Unilever Bestfoods Hong Kong Limited (formerly known as CPC/AJI (Hong Kong) Limited), which is a supplier of food products, and he was responsible for developing sales strategies and was in charge of (i) the sales team in Hong Kong and Macau; and (ii) the export division of the company. From June 2004 to February 2007, Mr. Luk worked as a senior manager and subsequently the associate director in HAVI Food Services (Hong Kong) Limited (currently known as HAVI Logistics Services (Hong Kong) Limited), a company principally engaged in providing total supply chain solutions to customers (e.g. transporting food and non-food logistics good, providing storage and handling services, offering supply chain quality management and demand and supply planning services), where he was responsible for handling customer relationship and business development of the company and setting up operations process flows for new customers. From December 2013 to November 2014, Mr. Luk was the managing director in Rentokil Initial Hong Kong and Taiwan, a company principally engaged in pest control and provision of hygiene services to businesses where he was responsible for the overall business of the company.



### Independent Non-executive Directors

**Mr. How Sze Ming (侯思明)**, aged 46, was appointed as an Independent Non-executive Director on 16 December 2015. He is the chairman of the Audit Committee.

Mr. How graduated from The Chinese University of Hong Kong with a Bachelor of Business Administration Degree (first class honour, majoring in professional accountancy) in December 1999. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of Hong Kong Institute of Certified Public Accountants.

Mr. How has over 20 years of experience in investment banking and business assurance industries. Mr. How is currently the managing director of Patrons Capital Limited, a company principally engaged in corporate advisory services, where he is responsible for giving corporate finance advice.

Mr. How has served as the Independent Non-executive Director of (i) Watts International Maritime Engineering Limited, a company listed on the Main Board of the Stock Exchange (Stock code: 2258) since October 2018 and; (ii) Ruicheng (China) Media Group Limited, a company listed on the Main Board of the Stock Exchange (Stock code: 1640) since October 2019; (iii) 1957 & Co. (Hospitality) Limited, a company listed on the GEM Board of the Stock Exchange (Stock code: 8495) from December 2017 to August 2022 and iv) Shanghai Zendai Property Limited, a company listed on the Main Board of the Stock Exchange (Stock code: 755) from May 2017 to January 2021.

**Mr. Jung Chi Pan, Peter (鍾智斌)**, aged 55, was appointed as an Independent Non-executive Director on 1 January 2017. He is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Mr. Jung obtained a Master of Business Administration degree (Executive MBA programme) from the Chinese University of Hong Kong in November 2015. In October 2016, he was elected a professional member of the Royal Institution of Chartered Surveyor.

Mr. Jung joined the Pico Group in 1988 and had substantial experience in the exhibition industry worldwide. He was the General Manager (Event Promotion) from 1994 to 2002 and was responsible for projects for a group of clientele which includes worldwide renowned brands. During the period from 2003 to 2005, he was appointed the General Manager of Bizart Asia Limited, (a subsidiary of Pico Group). He is the Co-founder and the Vice Chairman of Milton Exhibits Group Limited, which specialises in event management, exhibition service, digital solution and general contracting work with 10 offices in Asia since 2006.

**Mr. Mak Tung Sang (麥東生)**, aged 62, was appointed as an Independent Non-executive Director on 1 January 2017. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee.

Mr. Mak is a solicitor and a partner of Messrs. Simon C. W. Yung & Co., Solicitors since 2004. He obtained a Bachelor of Laws Degree from the University of Wolverhampton in 1998. In 2000, he obtained a Post-graduate Certificate in Laws from the University of Hong Kong.



## Directors and Senior Management

### Senior Management

**Mr. Cheng Sing Yuen (鄭昇炫)**, aged 34, is the Chief Financial Officer, the Company Secretary and the authorised representative of our Group. He joined our Group in June 2020. He is mainly responsible for financial reporting, financial planning, treasury, financial control and company secretarial matters. Mr. Cheng obtained a Bachelor's Degree of Business Administration in Accounting from the Hong Kong Polytechnic University in 2011. Mr. Cheng became a member of the Hong Kong Institute of Certified Public Accountants since 2015. Mr. Cheng has not held any directorship in any public listed company in the past three years.

Prior to joining our Group, Mr. Cheng had worked in an international accountancy firm for approximately six years and the last position before he left the firm was a manager. He left the firm in 2019. He has over ten years of experience working in accounting, financial management and auditing. Mr. Cheng has extensive experience in providing services to listed companies whose shares are listed on the Main Board of the Stock Exchange and multinational corporations, including financial management, risk management, internal control and services in relation to initial public offerings and notifiable transactions.

**Mr. Chan Fu Yuen (陳富元)**, aged 43, is the commercial director of our Group since January 2016, leading a team which processes daily deliveries and is responsible in ensuring customer satisfaction and quality service. He became the operations manager of our Group since July 2014. He joined our Group in November 2012 and has had over 10 years of experience in logistics and supply chains prior to joining our Group. Mr. Chan received a Bachelor's Degree of Science in Shipping Technology and Management and a Master's Degree in Industrial Logistics System, both from the Hong Kong Polytechnic University in 2001 and 2006 respectively.

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

**Mr. Wong Yiu Kwong (黃耀光)**, aged 69, is the customisation manager of our Group. Mr. Wong joined our Group in October 2011, and is mainly responsible for managing the overall operation of the Customisation Department of our Group.

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

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



# CORPORATE GOVERNANCE REPORT

The Directors consider that incorporating the core elements of good corporate governance in the management structure and internal control procedures of the Group would help to balance the interest of the shareholders, customers and employees of the Company. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner. In accordance with the requirements of the Listing Rules, the Company has established an Audit Committee, a Nomination Committee and a Remuneration Committee with specific written terms of reference.

Except for the deviation from CG Code provision C.2.1, the Company's corporate governance practices have complied with the CG Code. CG Code provision C.2.1 stipulates that the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Yeung Kwong Fat ("Mr. Yeung") is the Chairman and the Chief Executive Officer of our Company. In view of Mr. Yeung being one of the co-founders of our Group and has been operating and managing World-Link Roadway System Company Limited and World-Link Packing House Company Limited since 1994 and 2009 respectively, our Board believes that it is in the best interest of our Group to have Mr. Yeung taking up both roles for effective management and business development. Therefore our Directors consider that the deviation from the CG Code provision 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.

## 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 year ended 31 December 2022.

## Competing Interest

For the year ended 31 December 2022, the Directors are not aware of any business or interest of the Directors, the Controlling Shareholders, and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest.

Mr. Yeung Kwong Fat, Mr. Lee Kam Hung, Mr. Luk Yau Chi, Desmond, Orange Blossom International Limited, Best Matrix Global Limited and Leader Speed Limited (collectively the "Covenantors") have entered into a Deed of Non-competition (the "Deed") on 25 April 2017. The Company had been listed on the Main Board on 15 November 2017 and the Deed had taken into effect on the same day. Details of the Deed have been disclosed in the Transfer of Listing from the Growth Enterprise Market to the Main Board of the Stock Exchange of Hong Kong Limited announcement dated 7 November 2017 under the section headed "Competing Interests".

During the year ended 31 December 2022, the Independent Non-executive Directors have reviewed on behalf of the Company the compliance with the Deed and are satisfied that the Substantial Shareholders (as defined in the Listing Rules) and their associates have complied with the provisions of the Deed.



# Corporate Governance Report

## The Board of Directors

The Directors of the Company during the year and up to the date of this annual report were:

### 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

Details of the Chairman and the other Directors of the Company are set out in the section "Directors and Senior Management" of this annual report.

In compliance with rule 3.10 and 3.10A of the Listing Rules, the Company has appointed three Independent Non-executive Directors representing more than one-third of the board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. The Company has received from each Independent Non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent in accordance with the various guidelines set out in rule 3.13 of the Listing Rules.

With the various experience of both the Executive Directors and the Independent Non-executive Directors and the nature of the Group's business, the Board considered that the Directors have a balance of skills and experience for the business of the Group.

## Functions of the Board

The principal functions of the Board include:

- reviewing, approving and monitoring fundamental financial and business strategies and major corporate actions;
- approving major acquisitions or disposals, corporate or financial restructuring, issuance of the Company's shares ("Shares") and other equity or debt instruments, payment of dividends and other distribution to the Group's shareholders;
- assessing the risks facing by the Group and reviewing and implementing appropriate measures to manage such risks;
- selecting and evaluating the performance and compensation of key management executives;
- approving nominations to the Board;
- reviewing and endorsing the recommended framework of remuneration of the Board and key management executives by the Remuneration Committee; and
- assuming overall responsibility for corporate governance.

According to the code provision D.1.2 of the CG Code, the management shall provide all members of the Board with monthly updates. During the year ended 31 December 2022, the Executive Directors have provided, and will continue to provide, to all Independent Non-executive Directors updates on any material changes to the position and prospects of the Group, which are considered to be sufficient to provide general updates of the Group's performance, position and prospects to the Board and allow them to give a balanced and understandable assessment of the same to serve the purpose required by the code provision D.1.2.



## Terms of Appointment and Re-Election of Directors

Each of the Executive Directors has entered into a service agreement with the Company for a term of three years (renewable automatically for a successive term of one year after the expiry), subject to early removal from office in accordance with the Articles, and retirement and re-election provisions in the Articles.

Under the code provision B.2.2 of the CG Code, the Independent Non-executive Directors should be appointed subject to re-election. Each of the Independent Non-executive Directors has entered into an appointment letter with the Company for an initial term of one year subject to early removal from office in accordance with the Articles, and retirement and re-election provisions in the Articles.

None of the Directors (including those proposed for re-election at the Annual General Meeting) has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Article 108 of the Articles provide that subject to the manner of retirement by rotation of Directors as from time to time prescribed by the Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years.

## Continuous Professional Development

According to the code provision C.1.4 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant.

During the year ended 31 December 2022, all the Directors have participated in continuous professional development and the relevant details are set out below:

Name of Directors	Attending seminar(s)/ Reading relevant materials in relation to the business or directors' duties Yes/No
<b>Executive Directors</b>	
Mr. Yeung Kwong Fat ( <i>Chairman and CEO</i> )	Yes
Mr. Lee Kam Hung	Yes
Mr. Luk Yau Chi, Desmond	Yes
<b>Independent Non-executive Directors</b>	
Mr. How Sze Ming	Yes
Mr. Mak Tung Sang	Yes
Mr. Jung Chi Pan, Peter	Yes

## Independent Non-executive Directors

The Company has appointed three Independent Non-executive Directors to comply with Rule 3.10A of the Listing Rules. Furthermore, among the three Independent Non-executive Directors, Mr. How Sze Ming has the appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules. In accordance to Rule 3.13 of the Listing Rules, the Company has received from each of its Independent Non-executive Directors the written confirmation of his independence. The Company, based on such confirmations, considers its Independent Non-Executive Directors to be independent.



# Corporate Governance Report

## Board Committees

During the year ended 31 December 2022, to assist the Board in its work, the Board is assisted by three board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, which are sufficiently resourced to fulfil their roles and their terms of reference have been approved by the Board and are available for review on the Company's website <http://www.world-linkasia.com> and the Stock Exchange website ([www.hkex.com.hk](http://www.hkex.com.hk)).

### Audit Committee

Our Company has established an Audit Committee on 16 December 2015 in compliance with Rule 3.21 of the Listing Rules. As at 31 December 2022, the Audit Committee comprised three Independent Non-executive Directors, namely Mr. How Sze Ming, Mr. Jung Chi Pan, Peter and Mr. Mak Tung Sang. Mr. How Sze Ming is the chairman of the Audit Committee.

Written terms of reference in compliance with paragraph D.3.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules have been adopted. It is the Board's responsibility to ensure that an effective internal control and risk management framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated to the Audit Committee the responsibility for the initial establishment and the maintenance of a framework of internal controls, risk management and ethical standards for the Group's management. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control and risk management systems of our Group to monitor the independence and objectivity of the external auditor, and to provide advice and comment to the Board on corporate governance issues and practices. The Audit Committee has reviewed the audited annual results of the Group for the year ended 31 December 2022.

### Remuneration Committee

Our Company established a Remuneration Committee on 16 December 2015. As at 31 December 2022, the Remuneration Committee comprised Mr. Mak Tung Sang, Mr. Luk Yau Chi, Desmond and Mr. Jung Chi Pan, Peter, with Mr. Mak Tung Sang being the chairman. Written terms of reference in compliance with paragraph E.1.2 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules have been adopted. The primary duties of the Remuneration Committee are, (a) to determine the specific remuneration packages of all Executive Directors and senior management, including benefits in kind, pension rights and compensation payments, which include any compensation payable for loss or termination of their office or appointment, (b) to review and/or approve matters relating to the share scheme under Chapter 17 of the Listing Rules and (c) make recommendations to the Board of the remuneration of Independent Non-executive Directors.

### Remuneration Policy

The remuneration policy of the Group to reward its employees and senior executives is based on their performance, qualifications, competence displayed and market comparable. Remuneration package typically comprises salaries, contribution to pension schemes and discretionary bonuses. The Remuneration Committee will review annually the remuneration of all Directors to ensure that the remuneration package is attractive enough to attract and retain a competent team of executive members.

The Directors receive remuneration in the form of salaries, Director's fee, shares and contribution to pension scheme. The Director's fee for each of the Directors is subject to the Board's review from time to time in its discretion after taking into account the recommendation of the Remuneration Committee. The remuneration package of each of the Directors is determined by reference to market terms, seniority, experiences, duties and responsibilities of that Director within the Group.



## Board Committee (continued)

### Nomination Committee

Our Company has established a Nomination Committee on 16 December 2015 with written terms of reference. As at 31 December 2022, the Nomination Committee comprised Mr. Yeung Kwong Fat, Mr. Mak Tung Sang and Mr. Jung Chi Pan, Peter, with Mr. Yeung Kwong Fat being the chairman. Written terms of reference in compliance with paragraph B.3.1 of the Corporate Governance Code as set out in Appendix 14 to Listing Rules have been adopted. The Nomination Committee is mainly responsible for making recommendations to the Board on appointment of Directors and succession planning for our Directors.

### Board Diversity Policy

The Board has on 25 March 2019 adopted a Board Diversity Policy in accordance with Rule 13.92 of the Listing Rules, which recognises the benefits of a Board that possesses a balance of skills set, experience, expertise and diversity of perspectives appropriate for the strategies of the Company. The Company believes that board diversity enhances decision-making capability and thus the overall effectiveness of the Board in achieving sustainable business operation and enhancing shareholder value.

Board appointment has been, and will continue to be, made based on merit and attributes that the selected candidate will bring to the Board to complement and expand the competencies, experience and perspectives of the Board as a whole, taking into account the corporate strategy of the Company and the benefits of various aspects of diversity, including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how and other factors that the Board may consider relevant from time to time towards achieving a diversified Board.

### Measurable Objectives

The Board has recently reviewed the structure, size and composition (including the skills set, knowledge and experience) of the Board. The following tables illustrate the diversity of the Board Members as of the date of this annual report:

Name of Directors	Age Group			
	Below 50	50-55	56-60	Above 60
Mr. Yeung Kwong Fat ( <i>Chairman and CEO</i> )				✓
Mr. Lee Kam Hung				✓
Mr. Luk Yau Chi, Desmond			✓	
Mr. How Sze Ming	✓			
Mr. Mak Tung Sang				✓
Mr. Jung Chi Pan, Peter		✓		

Name of Directors	Professional Experience				
	Logistics Industry	Management	Accounting and Finance	Law	Exhibition Industry
Mr. Yeung Kwong Fat ( <i>Chairman and CEO</i> )	✓	✓			
Mr. Lee Kam Hung	✓	✓			
Mr. Luk Yau Chi, Desmond	✓	✓			
Mr. How Sze Ming			✓		
Mr. Jung Chi Pan, Peter					✓
Mr. Mak Tung Sang				✓	



## Board Committee (continued)

### Measurable Objectives (continued)

To achieve gender diversity, selection of candidates will be based on a range of diversity perspectives with reference to the Company's business model and specific needs which includes gender, skills, age, professional experience, knowledge, independence, cultural and educational background, ethnicity and length of service. The ultimate decision will be based on merits and the contributions that the selected candidates will bring to the Board.

### Succession planning to achieve gender diversity

In particular, in achieving gender diversity on the Board, the Company shall:

- (a) have an appropriate balance of gender diversity with reference to stakeholders' expectation and international and local recommended best practices;
- (b) identify and select female individuals with a diverse range of skills, experience and knowledge in different fields from time to time and maintain a list of these female individuals who possess qualities to become Board members in order to develop a pipeline of potential successors to the Board;
- (c) continue to take steps to promote gender diversity at all levels, including at the senior management levels; and
- (d) provide career development opportunities and resources in training female staff with the aim of promoting them to the senior management levels or the Board level so that the Company will have a pipeline of female senior management and potential successors to the Board.

### Continuous Monitoring

The Nomination Committee will monitor the implementation of this Policy by conducting review of the Board's composition at least once annually taking into account the benefits of all relevant diversity aspects, and adhering to this Policy when making recommendation on any Board appointments. The Nomination Committee will also ensure that Board diversity is considered as part of the evaluation of the Board's effectiveness.

### Nomination Policy

The Board has on 25 March 2019 adopted a Nomination Policy in accordance with the CG Code, which sets out the procedure for the election, appointment and re-appointment of Directors (the "Nomination Policy"). The Nomination Policy specifies certain selection criteria and the Board succession planning consideration.

The Nomination Policy is reproduced as follows.

1. In carrying out its duties, the Nomination Committee shall give adequate consideration to the following principles:
  - (a) in relation to Board composition—the Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. It should include a balanced composition of Executive and Independent Non-executive Directors so that there is a strong independent element on the Board and independent judgment can be effectively exercised. Independent Non-executive Directors should be of sufficient calibre and number for their views to carry weight;



## Board Committee (continued)

### Nomination Policy (continued)

1. (continued)

(b) in relation to independence of the board—In order to ensure that independent views and input of the Independent Non-executive Directors are made available to the Board, the Nomination Committee and the Board are committed to assess the Directors' independence annually with regards to all relevant factors related to the Independent Non-executive Directors including the following:

- requisite character, integrity, expertise, experience and stability to fulfill their roles;
- time commitment and attention to the Company's affairs;
- firm commitment to their independent roles and to the Board;
- declaration of conflict of interest in their roles as Independent Non-executive Directors;
- no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement; and
- the Chairman meets with the Independent Non-executive Directors regularly without the presence of the Executive Directors.

(c) in relation to appointment, re-election and removal of Directors—there should be a formal, considered and transparent procedure for selection, appointment and reappointment of Directors, as well as plans in place for orderly succession for appointments (if considered necessary). It should ensure that changes to the Board composition can be managed without undue disruption. All Directors should be subject to re-election at regular intervals in accordance with the Articles of Association of the Company.

2. The criteria to be applied in considering whether a candidate is qualified shall be his/her ability to devote sufficient time and attention to the affairs of the Company and contribute to the diversity of the Board (which includes but not limited to diversity in gender, age, experience, cultural and educational background, expertise, skills and know-how) as well as the effective carrying out by the Board of the responsibilities which, in particular, are set out as follows:

- (a) participating in Board meetings to bring an independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conducts;
- (b) taking the lead where potential conflicts of interests arise as Independent Non-executive Directors;
- (c) serving on the Audit, Remuneration, Nomination and other governance committees, if invited;
- (d) giving the Board and any committees on which he/she serves the benefit of his/her skills, expertise, varied backgrounds and qualifications through attendance and participation;



## Board Committee (continued)

### Nomination Policy (continued)

2. (continued)

- (e) monitoring or scrutinising the Company's performance in achieving agreed corporate goals and objectives;
- (f) conforming to any requirement, direction and regulation that may from time to time be prescribed by the Board or contained in the constitutional documents of the Company or imposed by legislation or the Listing Rules, where appropriate; and
- (g) if the candidate is proposed to be appointed as an Independent Non-executive Director, his/her independence shall be assessed in accordance with, among other things, the factors as set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time.

### Director Nomination Procedure

Subject to the provisions of the Articles of Association of the Company and the Listing Rules, if the Board determines that an additional or replacement Director is required, the Nomination Committee will deploy multiple channels for identifying suitable candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms.

Where a retiring Director, being eligible, offers himself/herself for re-election, the Nomination Committee will consider and, if appropriate, recommend such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to shareholders prior to a general meeting in accordance with the Listing Rules.

Shareholders of the Company may nominate a person to stand for election as a Director at a general meeting in accordance with the Articles of Association of the Company and applicable laws and regulations. The procedures for such proposal are stated on page 23 of this annual report.

The Board will from time to time review the Nomination Policy and monitor its implementation to ensure its continued effectiveness and compliance with regulatory requirements and good corporate governance practices.



**Board Committee (continued)****Attendance Records of Meetings**

The attendance of each Director at Board meetings, Audit Committee meetings, Nomination Committee meeting, Remuneration Committee meetings and general meetings held during the year is set out in the following table:

Name of Directors	Board meeting	Audit Committee meeting	Nomination Committee meeting	Remuneration Committee meeting	General meeting
Number of meetings held during the year	4	3	1	1	1
<b>Number of meetings attended/Number of meetings entitled to attend</b>					
<b>Executive Directors</b>					
Mr. Yeung Kwong Fat	4/4	–	1/1	–	1/1
Mr. Lee Kam Hung	4/4	–	–	–	1/1
Mr. Luk Yau Chi, Desmond	4/4	–	–	1/1	0/1
<b>Independent Non-executive Directors</b>					
Mr. How Sze Ming	4/4	3/3	–	–	1/1
Mr. Jung Chi Pan, Peter	4/4	3/3	1/1	1/1	1/1
Mr. Mak Tung Sang	4/4	3/3	1/1	1/1	1/1

**Accountability and Audit****Directors' and Auditor's Responsibilities for the Consolidated Financial Statements**

All Directors acknowledge their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for the year ended 31 December 2022, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements of the Group on a going concern basis.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The statement of auditor about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report. The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

**Auditor's Remuneration**

During the year ended 31 December 2022, the remuneration paid or payable to the Company's auditor, KPMG, in respect of their audit and non-audit services was as follows:

	HK\$
Audit services	1,030
Non-audit services	26



## Accountability and Audit (continued)

### Internal Control and Risk Management

The Board acknowledges its responsibility for the effectiveness of the Group's internal control and risk management systems (including environmental, social and governance ("ESG") risks). The Board has reviewed the effectiveness of the systems of internal control and risk management of the Group, covering all material controls, including financial and operation for the year ended 31 December 2022 on an annual basis. The Board considers that the internal control system and risk management are effective. The Group has established an on-going process for identifying, evaluating and managing the significant risks of the Group, the Company has established a Corporate Governance Department to conduct periodic internal control reviews and legal compliance reviews on the Group's operations and to present its reports to the Audit Committee for consideration, including any remedial plans, if deemed necessary or appropriate. Under this system, the Audit Committee, after due consideration, will present its recommendations on such remedial plans to the Board, which would make the final decision on the implementation of such remedial plans.

The Group does not have an internal audit function due to the size of the Group and for cost effectiveness consideration. Instead, a review on the internal control and risk management systems is done annually by an independent consultancy company. During the year, an independent consultancy company with staff in possession of the relevant expertise conducted an annual review to assess the effectiveness of the Group's risk management and internal control systems. This review covered major financial, operational and compliance controls in rotation basis and also the risk management functions. No significant deficiency has been identified during the course of the review and our systems have been operating effectively and adequately. The Audit Committee reviewed the internal control review report issued by the independent consultancy company and concluded that the Company's risk management and internal control systems in respect of the year ended 31 December 2022 are effective and adequate.

The Group has yet to establish its internal audit function during the year ended 31 December 2022 as required under code provision D.2.5 of the CG Code. The Audit Committee and the Board have considered that the internal control review report prepared by an independent consultancy company and communications with the Company's external auditors in respect of any material control deficiencies identified during the course of the financial statement audit formed the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems. The Audit Committee and the Board will continue to review the need for an internal audit function on an annual basis.

### Handling and Dissemination of Inside Information

The Company has established and maintained procedures and internal controls for the handling and dissemination of inside information. The Company has adopted a code of conduct for dealing in the securities of the Company by the Directors in accordance with Appendix 10 of the Listing Rules. Other employees of the Group who are likely to be in possession of inside information of the Company are also subject to dealing restrictions. Any inside information and any information which may potentially constitute inside information is promptly identified, assessed and escalated to the Board and for the Board to decide on the need for disclosure. Inside information and other information which is required to be disclosed pursuant to the Listing Rules will be announced on the respective websites of the Company and the Stock Exchange.



## Accountability and Audit (continued)

### Investors and Shareholders Relations

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include (i) the publication of interim and annual reports, announcements and circulars; (ii) the annual general meetings and extraordinary general meetings which provide a forum for shareholders to raise comments and exchanging views with the Board; (iii) updated and key information of the Group is available on the websites of the Stock Exchange and the Company; (iv) the Company's website offers a communication channel between the Company and its shareholders and investors; and (v) the Company's branch share registrars and transfer office in Hong Kong serving the shareholders in respect of all share registration matters.

The Company aims to provide its shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to provide clear, detailed, timely manner and on a regular basis information of the Group to shareholders through the publication of interim and annual reports and/or dispatching circulars, notices, and other announcements.

The Company strives to take into consideration its shareholders' views and inputs, and address shareholders' concerns. Shareholders are encouraged to attend the annual general meeting for which at least 21 days' notice shall be given. The chairman of the Board as well as chairmen of the Audit Committee, the Nomination Committee and the Remuneration Committee, or in their absence, the Directors are available to answer shareholders' questions on the Group's businesses at the meeting. To comply with code provision F.2.2 of the CG Code, the management will ensure the external auditor to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

All shareholders have statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by shareholders. According to Article 64 of the Articles, one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the Voting rights on a one vote per share basis in the capital of the Company can request for the convening of an extraordinary general meeting. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

If a shareholder wishes to propose a person (the "Candidate") for election as a Director of the Company at a general meeting, he/she shall deposit a written notice (the "Written Notice") to the Company's principal place of business in Hong Kong at 3/F, Allied Cargo Centre, 150-164 Texaco Road, Tsuen Wan, N.T.

The Written Notice (i) must include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules; and (ii) must be signed by the shareholder concerned and signed by the Candidate indicating his/her willingness to be elected and consent of the publication of his/her personal information.

The period for lodgment of the Written Notice shall commence on the day after the dispatch of the notice of general meeting and end no later than 7 days prior to the date of such general meeting.

In order to ensure the Company's shareholders have sufficient time to receive and consider the proposal of election of the Candidate as a Director of the Company without adjourning the general meeting, shareholders are urged to submit and lodge the Written Notice as early as practicable preferably at least 15 business days prior to the date of the general meeting appointed for such election.

In order to promote effective communication, the Company also maintains website ([www.world-linkasia.com](http://www.world-linkasia.com)) which includes the latest information relating to the Group and its businesses.



## Accountability and Audit (continued)

### Company Secretary

The Company Secretary is accountable to the Board for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. These objectives are achieved through adherence to proper Board processes and timely preparation of and dissemination to Directors comprehensive Board meeting agendas and papers. Minutes of all meetings of the Board and Board Committees are prepared and maintained by the Company Secretary to record in sufficient details the matters considered and decisions reached by the Board or Board Committees, including any concerns raised or dissenting views voiced by any Director. All draft and final minutes of Board meetings and meetings of Board Committees are sent to Directors or Board Committee members as appropriate for comments, approval and records. Board records are available for inspection by any Director upon request.

Mr. Cheng Sing Yuen has been appointed as the Company Secretary and the Authorised Representative of the Company with effect from 29 June 2020. He is a certified public accountant as defined in the Professional Accountants Ordinance. Mr. Cheng Sing Yuen has confirmed that he has taken no less than 15 hours of relevant professional training during the year ended 31 December 2022.

### Significant Changes in Constitutional Documents

Upon the Shareholders' approval by way of a special resolution at the 2022 annual general meeting held on 16 June 2022, the Company has adopted the Second Amended and Restated Memorandum and Articles of Association. Details of the changes can be found in the AGM circular dated 17 May 2022. The Second Amended and Restated Memorandum and Articles of Association of the Company has been posted on the websites of the Company and the Stock Exchange.

### Business Values and strategies

The Group has a set of clear business principles and corporate values to guide the Group in the decisions it takes and how it operates. The Group always aims to strength its position as a leading total logistics service provider in Hong Kong.

The Group intend to focus on the following strategies: (a) Expand the scope of services to cover different sector of customers, (b) Enhance its sales and marketing effort, (c) continue to attract and retain talented and experienced personnel, and (d) continue to strengthen its information technology and systems.

### Integrity and code of conduct

The Group strives to maintain high standards of business ethics and corporate governance across all our activities and operations. The Directors, management and staff are all required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly set out in the training materials for all new staff and embedded in various policies such as the Group's employee handbook (including therein the Group's code of conduct), the Anti-corruption Policy and the Whistleblowing Policy of the Group. Trainings are conducted from time to time to reinforce the required standards in respect of ethics and integrity.



## Accountability and Audit (continued)

### Commitment

The Group believes that the culture of commitment to workforce development, workplace safety and health, diversity, and sustainability is one where people have a feeling of commitment and emotional engagement with the Group's mission. This sets the tone for a strong, productive workforce that attracts, develops, and retains the best talent and produces the highest quality work. Moreover, the Company's strategy in the business development and management are to achieve long-term, steady and sustainable growth, while having due considerations from environment, social and governance aspects.

### Whistleblowing Policy

The Group has a whistleblowing policy (the "Whistleblowing Policy") in place which provides formal channels and guidance to facilitate the raising of matters of concern by employees of the Group (the "Employee") and those who deal with the Group (e.g. customers, suppliers, creditors and debtors) (the "Third Parties", each a "Whistleblower"), in confidence, without fear of reprisals. Procedures have been formulated to enable the Whistleblower to report to the Group directly (addressed to the Office General Manager of the Group) suspected improprieties.

### Anti-corruption Policy

The Group has an anti-corruption policy (the "Anti-corruption Policy") in place which sets out the guidelines and responsibilities of the Employees, the Third Parties and those acting in an agency or fiduciary capacity on behalf of the Group. The Group is committed to maintaining a high standard of integrity, openness and discipline in its business operations. The Anti-corruption Policy forms an integral part of the framework, including the CG Code and Whistleblowing Policy, outlines the Group's expectations and requirement of business ethics, as well as the investigation and reporting mechanism of suspected corruption practices.



# DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2022.

## Principal Activities

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 17 to the consolidated financial statements.

## Results and Appropriations

The results of the Group for the year ended 31 December 2022 are set out in the consolidated statement of profit or loss and other comprehensive income on page 38.

The Board is pleased to announce that at the Board meeting held on 27 March 2023, resolutions have been passed to recommend the payment of a Final Dividend of 1.0 HK cent (2021: 2.0 HK cents) per share amounting to approximately HK\$5,018,000.

Interim Dividend of 1.0 HK cent (2021: 1.0 HK cent) per share has been declared during the year of 2022 and paid in September 2022.

Special Dividend of 3.0 HK cents (2021: 1.0 HK cents and paid in 2022) has been declared during the year of 2022 and paid in January 2023.

## Dividend Policy

The Board of Directors of the Company has on 25 March 2019 approved the adoption of guidelines on future dividends to be paid by the Company in accordance with the CG Code. The Company is committed to maintaining sufficient resources and flexibility to meet the Company's financial and operational requirements. At the same time, the Company continually seeks ways to enhance shareholders' value to ensure sustainable long-term yields for shareholders.

Under the Dividend Policy, the Company gives priority to distributing dividend in cash and shares its profits with its shareholders. The dividend payout ratio shall be determined by the Board at its absolute discretion after taking into account the Company's financial results, future prospects and other factors, and subject to:

- the Articles of Association of the Company;
- the applicable restrictions and requirements under the laws of the Cayman Islands;
- any banking or other funding covenants by which the Company is bound from time to time;
- the investment and operating requirements of the Company; and
- any other factors that have material impact on the Company.

The Board may consider distributing special dividend to all shareholders, and the amount of which shall be determined and approved by the Board at its absolute discretion.

Under the Cayman Islands Companies Act and the Articles of Association of the Company, all of our shareholders have equal entitlement to dividends and distributions. The Board shall have the right to review the Dividend Policy from time to time as it deems fit according to the financial and business development requirements of the Company.



### Annual General Meeting

The forthcoming annual general meeting (the "Annual General Meeting") of the Company is scheduled to be held on Thursday, 8 June 2023. A notice convening the Annual General Meeting will be issued and dispatched to shareholders of the Company (the "Shareholders") on Thursday, 27 April 2023.

The register of members of the Company will be closed from Monday, 5 June 2023 to Thursday, 8 June 2023 (both dates inclusive) during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with Tricor Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 2 June 2023.

### Reserves

Details of movements in the reserves of the Group during the year ended 31 December 2022 are set out in the consolidated statement of changes in equity in this annual report.

### Financial Summary

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 86.

### Major Customers and Suppliers

The Group's largest customer contributed 20.4% of the total revenue for the year while the Group's five largest customers accounted for 52.6% of the total revenue for the year.

Since the Group has a very wide supplier base, the aggregate purchase attributable to the Group's five largest suppliers was 62.4% of the Group's total purchases for the year.

None of the Directors, their respective close associates (as defined in the Listing Rules) or any shareholders (which to the best knowledge of the Directors, own more than 5% of the Company's issued shares) had any beneficial interest in any of the Group's five largest customers or suppliers referred to above.

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

At no time during the year, did the Company nor any of its subsidiaries purchase, sell or redeem any of the Company's listed securities.

### Sufficiency of Public Float

Throughout the year ended 31 December 2022 until the date of this annual report, based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital is held by the public.

### Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's Articles of Association, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

### Share Capital

Details of the Company's share capital are set out in note 30 to the consolidated financial statements.



## Directors' Report

### Distributable Reserves of the Company

Share premium, capital reserve and retained profit of the Company are available for distribution to ordinary shareholders provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid. Accordingly, the Company's reserves available for distribution to shareholders at 31 December 2022 amounted to approximately HK\$96,609,000 (2021: HK\$92,405,000).

### Directors

The Directors of the Company during the year and up to the date of this annual report were:

#### 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

#### Appointment and re-election of Directors

The Articles provide that subject to the manner of retirement by rotation of Directors as from time to time prescribed by the Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years.

Each of the Executive Directors has entered into an appointment letter with the Company for an initial term of three years and each of the Independent Non-executive Director has entered into an appointment letter with the Company for an initial term of one year subject to early removal from office in accordance with the Articles, and subject to the retirement and re-election provisions in the Articles.

#### Directors' Service Contracts

Each of the Executive Directors has entered into a service agreement with the Company for a term of three years (renewable automatically for a successive term of one year after the expiry), subject to early removal from office in accordance with the Articles, and retirement and re-election provisions in the Articles. Each of the Independent Non-executive Directors has entered into an appointment letter with the Company for an initial term of one year subject to early removal from office in accordance with the Articles, and retirement and re-election provisions in the Articles.

None of the Directors (including those proposed for re-election at the Annual General Meeting) has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

#### Independent Non-Executive Directors' Confirmation of Independence

The Company received, from each of the Independent Non-executive Directors, Mr. How Sze Ming, Mr. Mak Tung Sang and Mr. Jung Chi Pan, Peter, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee assessed the independence of the Independent Non-executive Directors and affirmed that all Independent Non-executive Directors remained independent.



## Share Incentive Scheme

### Award Shares to Directors

As stated in note 34 to the consolidated financial statements, the Company had on 19 January 2018 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 ("Mr. Yeung")	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 ("Mr. Lee")	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 ("Mr. Luk")	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 ("Mr. How")	64,000	21 January 2019/64,000
Mr. Mak Tung Sang ("Mr. Mak")	64,000	21 January 2019/64,000
Mr. Jung Chi Pan Peter ("Mr. Jung")	64,000	21 January 2019/64,000

Subject to the fulfilment of the conditions as stated in the announcement of the Company published on 19 January 2018 and the selected Directors remain a Director of the Company on each relevant issue date, the Company has allotted and issued the Award Shares to each selected Director on 21 January 2019, 20 January 2020 and 19 January 2021.

Pursuant to the terms and vesting conditions, the first tranche of 1,072,000 Award Shares each were issued and allotted to each of Mr. Yeung, Mr. Lee and Mr. Luk (i.e. a total of 3,216,000 Award Shares were issued and allotted) on 21 January 2019. The second tranche of 1,136,000 Award Shares each were issued and allotted to each of Mr. Yeung, Mr. Lee and Mr. Luk (i.e. a total of 3,408,000 Award Shares were issued and allotted) on 20 January 2020 and the third tranche of 1,136,000 Award Shares each were issued and allotted to each of Mr. Yeung, Mr. Lee and Mr. Luk (i.e. a total of 3,408,000 Award Shares were issued and allotted) on 19 January 2021.

On 21 January 2019, 192,000 Award Shares were issued and allotted to the three INEDs, Mr. How as to 64,000 Award Shares and Mr. Jung as to 64,000 Award Shares and Mr. Mak as to 64,000 Award Shares pursuant to the terms of the Award Shares.

For the year ended 31 December 2021, the Group recognised a total expense of HK\$15,000 in relation to Award Shares.

Pursuant to the terms and vesting conditions, the first, second and the third tranches of the Award Shares totalling 1,552,000 Award Shares were issued and allotted to 7 Independent Selected Individuals on 21 January 2019, 20 January 2020 and 19 January 2021 respectively.

Please refer to the announcement of the Company dated 19 January 2018 for details.



## Directors' Report

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

As at 31 December 2022, the Directors and their associates and chief executives had the following interests or short positions in shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"):

#### Interests in the Company

Name of Director and Chief Executive	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, 2)	Interest in a controlled corporation; and beneficial owner	15,112,000	82,088,000	97,200,000	19.37%
Mr. Lee Kam Hung (Note 1, 3)	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 1, 4)	Interest in a controlled corporation; and beneficial owner	5,852,000	76,060,000	81,912,000	16.32%
Mr. How Sze Ming (Note 5)	Beneficial owner	64,000	–	64,000	0.01%
Mr. Jung Chi Pan Peter (Note 6)	Beneficial owner	64,000	–	64,000	0.01%
Mr. Mak Tung Sang (Note 7)	Beneficial owner	64,000	–	64,000	0.01%

#### Notes:

1. As Mr. Yeung, Mr. Lee and Mr. Luk no longer intend to be bound by the acting in concert arrangement with each other for the purpose of family wealth and estate planning regarding their respective interests in the Company, they have on 9 July 2018 entered into a deed of termination (the "Termination Deed") to terminate the acting in concert arrangement under the Confirmatory Deed. Please refer to the announcement published by the Company on 9 July 2018 for details.
2. 97,200,000 Shares in which Mr. Yeung is interested consist of (i) 82,088,000 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 are directly held by Mr. Yeung.
3. 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 are directly held by Mr. Lee.
4. 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 are directly held by Mr. Luk.
5. 64,000 Shares are directly held by Mr. How.
6. 64,000 Shares are directly held by Mr. Jung.
7. 64,000 Shares are directly held by Mr. Mak.



### 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 31 December 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.

### Substantial Shareholders' Interests in Shares

As at 31 December 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 (Note 1)	Beneficial owner	143,796,000	28.65%
Leader Speed Limited (Note 1)	Beneficial owner	76,060,000	15.16%
Orange Blossom International Limited (Note 1)	Beneficial owner	82,088,000	16.36%
Ms. Law Wai Yee (Note 2)	Interest of spouse	97,200,000	19.37%
Ms. Chan Pik Shan (Note 3)	Interest of spouse	147,764,000	29.44%
Ms. Wong Soo Fung (Note 4)	Interest of spouse	81,912,000	16.32%
Ms. Hui Pui Shan (Note 5)	Interest of spouse	64,000	0.01%
Ms. Chan Ka Man (Note 6)	Interest of spouse	64,000	0.01%
Ms. Wong Shuk Ling Janine (Note 7)	Interest of spouse	64,000	0.01%

Notes:

- As Mr. Yeung, Mr. Lee and Mr. Luk no longer intend to be bound by the acting in concert arrangement with each other for the purpose of family wealth and estate planning regarding their respective interests in the Company, they have on 9 July 2018 entered into a deed of termination (the "Termination Deed") to terminate the acting in concert arrangement under the Confirmatory Deed. Please refer to the announcement published by the Company on 9 July 2018 for details.
- 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.



## Directors' Report

### Substantial Shareholders' Interests in Shares (continued)

4. Ms. Wong Soo Fung is the spouse of Mr. Luk and is deemed, or taken to be, interested in Shares in which Mr. Luk has interest under the SFO.
5. 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.
6. 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.
7. 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 31 December 2022.

### Arrangements to Purchase Shares or Debentures

At no time during the year ended 31 December 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 31 December 2022 or at any time during the year ended 31 December 2022.

### Emolument Policy

The Remuneration Committee reviews the Group's emolument policy and structure for remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market statistics.

### Permitted Indemnity Provisions

At no time during the year ended 31 December 2022 and up to the date of this Directors' Report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors of the Company (whether made by the Company or otherwise), or an associated company (if made by the Company).

An associated company is defined in Section 2(1) of the Hong Kong Companies Ordinance.

### Remuneration of Directors and Five Individuals with Highest Emoluments

Details of the remuneration of the Directors and the five highest paid individuals for the year are set out in note 8 to the consolidated financial statements respectively.



### Corporate Governance

The Company has complied with all code provisions (except for the deviation from CG code provision C.2.1) as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules throughout the year.

Further information on the Company's corporate governance practices is set out in the "Corporate Governance Report" from page 13 to 25.

### Environmental, Society and Corporate Responsibility

The Group is committed to support environmental protection to ensure business development and sustainability. We implement green office practices to reduce the consumption of energy and natural resources. These practices include the use of energy-saving lightings and recycled paper, reduce energy consumption by switching off idle lightings, computers and electrical appliances and the use of environmentally friendly products whenever possible.

The Company has complied with all relevant laws and regulations which include the Companies Act of the Cayman Islands and the Listing Rules and maintained good relationship with its customers, employees and investors.

For details, please refer to the Group's published "ESG Report".

### Charitable Donation

The Company did not make any charitable donation during the year ended 31 December 2022 (2021: Nil).

### Relationship with Employees, Customers and Suppliers

The Group acknowledges the importance to maintain good relationship with its employees and customers for the achievement of its short-term and long-term business objectives.

For the year ended 31 December 2022, there was no serious and material dispute between the Group and its employees, customers and suppliers.

### Compliance with Laws and Regulations

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year ended 31 December 2022.

### Auditor

KPMG retire and, being eligible, offer themselves for reappointment. A resolution will be submitted to the annual general meeting of the Company to re-appoint KPMG as auditor of the Company.

On behalf of the Board

**Yeung Kwong Fat**

*Chairman and Chief Executive Officer*

Hong Kong, 27 March 2023



# INDEPENDENT AUDITOR'S REPORT



## Independent auditor's report to the shareholders of 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)*

### Opinion

We have audited the consolidated financial statements of World-link Logistics (Asia) Holding Limited ("the Company") and its subsidiaries ("the Group") set out on pages 38 to 85, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



# Independent Auditor's Report

## Key audit matters (continued)

### Revenue recognition in respect of supply chain management service business segment

Refer to note 6 to the consolidated financial statements and the accounting policy note 3(o).

The Key Audit Matter	How the matter was addressed in our audit
<p>The Group is primarily involved in the provision of logistics services in Hong Kong. For the year ended 31 December 2022, the Group's supply chain management service income is approximately HK\$177 million.</p> <p>Revenue from supply chain management service business is recognised when the services are rendered, with reference to the contractual terms of the service agreements.</p> <p>We have identified revenue recognition as a key audit matter as revenue is one of the key performance indicators of the Group which give rise to an inherent risk that revenue could be recorded in the incorrect period or could be subject to manipulation to meet financial targets or expectations.</p>	<p>Our audit procedures in relation to revenue recognition in respect of supply chain management service business segment included the following:</p> <ul style="list-style-type: none"><li>• Obtaining an understanding of and assessing the design, implementation and operating effectiveness of the Group's key internal controls over revenue recognition;</li><li>• Inspecting, on a sample basis, the service agreements signed with customers of the Group and assessing the revenue recognition criteria with reference to the requirements of the prevailing accounting standards;</li><li>• Comparing, on a sample basis, the revenue with underlying documentation confirmed by the customers to determine whether the related revenue had been properly recognised;</li><li>• Comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with underlying documentation such as service agreements, to determine whether the related revenue had been recognised in the appropriate financial period; and</li><li>• Inspecting underlying documentation for manual journal entries relating to revenue which were raised during the year and met specified risk-based criteria.</li></ul>

## Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



# Independent Auditor's Report

## Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



# Independent Auditor's Report

## Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Sylvene Fong.

### **KPMG**

*Certified Public Accountants*  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

27 March 2023



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022  
(Expressed in Hong Kong dollars)

	Note	2022 HK\$'000	2021 HK\$'000
Revenue	6	327,646	336,512
Other net income	11	4,969	2,526
Employee benefits expenses		(61,657)	(54,885)
Depreciation of property, plant and equipment and right-of-use assets		(45,415)	(46,068)
Sub-contracting expenses		(38,784)	(39,914)
Operating lease rentals in respect of rented premises		(2,909)	(940)
Operating lease rentals in respect of plant, machinery and equipment		(514)	(475)
Cost of products sold		(135,588)	(159,250)
Other expenses	10	(20,952)	(17,694)
<b>Profit from operations</b>		<b>26,796</b>	19,812
Finance costs	12	(1,958)	(1,672)
<b>Profit before taxation</b>		<b>24,838</b>	18,140
Income tax expense	9(a)	(3,395)	(2,159)
<b>Profit for the year</b>	12	<b>21,443</b>	15,981
<b>Attributable to:</b>			
Equity shareholders of the Company		20,486	15,250
Non-controlling interests		957	731
<b>Profit for the year</b>		<b>21,443</b>	15,981
<b>Earnings per share (HK cents)</b>	14		
Basic		4.08	3.04
Diluted		4.08	3.04

The notes on pages 42 to 85 form part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in note 13(a).



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022  
(Expressed in Hong Kong dollars)

	Note	2022 HK\$'000	2021 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	15	7,146	9,797
Right-of-use assets	16	61,369	92,255
Rental deposits	18	7,056	6,337
Deferred tax assets	20(b)	2,109	1,801
		<b>77,680</b>	110,190
<b>Current assets</b>			
Inventories – finished goods	19	14,979	15,346
Trade and other receivables and contract assets	21	67,526	76,173
Rental deposits	18	193	779
Tax recoverable	20(a)	–	817
Bank balances and cash	22	54,149	39,298
		<b>136,847</b>	132,413
<b>Current liabilities</b>			
Trade and other payables, accrued expenses and contract liabilities	23	19,803	18,246
Tax payable	20(a)	1,227	942
Lease liabilities	28	44,178	36,497
Amounts due to non-controlling interests	29	506	1,241
Dividend payable		15,056	5,018
Bank borrowings	24	2,000	4,500
		<b>82,770</b>	66,444
<b>Net current assets</b>		<b>54,077</b>	65,969
<b>Total assets less current liabilities</b>		<b>131,757</b>	176,159
<b>Non-current liabilities</b>			
Reinstatement provisions	26	499	499
Long service payment obligation	27	1,903	801
Lease liabilities	28	20,094	56,930
		<b>22,496</b>	58,230
<b>NET ASSETS</b>		<b>109,261</b>	117,929
<b>CAPITAL AND RESERVES</b>			
Share capital	30	5,018	5,018
Reserves	31	101,989	111,614
<b>Total equity attributable to equity shareholders of the Company</b>		<b>107,007</b>	116,632
Non-controlling interests		2,254	1,297
<b>TOTAL EQUITY</b>		<b>109,261</b>	117,929

The consolidated financial statements on pages 38 to 85 were approved and authorised for issue by the board of directors on 27 March 2023 and are signed on its behalf by:

**Mr. Yeung Kwong Fat**  
Director

**Mr. Lee Kam Hung**  
Director

The notes on pages 42 to 85 form part of these financial statements.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022  
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company						Non-controlling interests HK\$'000	Total equity HK\$'000	
	Note	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Capital reserve HK\$'000	Retained profits HK\$'000			Total HK\$'000
<b>At 1 January 2021</b>		4,981	63,317	10	956	45,269	114,533	566	115,099
Changes in equity for the year ended 31 December 2021:									
Profit and total comprehensive income for the year		-	-	-	-	15,250	15,250	731	15,981
Recognition of equity-settled share-based payment	34	-	-	-	15	-	15	-	15
Issue of ordinary shares in relation to award of new shares	30	37	2,822	-	(971)	-	1,888	-	1,888
Dividend approved in respect of previous year	13	-	-	-	-	(5,018)	(5,018)	-	(5,018)
Dividend declared in respect of the current year	13	-	-	-	-	(10,036)	(10,036)	-	(10,036)
<b>At 31 December 2021 and 1 January 2022</b>		5,018	66,139	10	-	45,465	116,632	1,297	117,929
Changes in equity for the year ended 31 December 2022:									
Profit and total comprehensive income for the year		-	-	-	-	20,486	20,486	957	21,443
Dividend approved in respect of previous year	13	-	-	-	-	(10,037)	(10,037)	-	(10,037)
Dividend declared in respect of the current year	13	-	-	-	-	(20,074)	(20,074)	-	(20,074)
<b>At 31 December 2022</b>		5,018	66,139	10	-	35,840	107,007	2,254	109,261

The notes on pages 42 to 85 form part of these financial statements.



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022  
(Expressed in Hong Kong dollars)

	Note	2022 HK\$'000	2021 HK\$'000
<b>Operating activities</b>			
Profit before taxation		24,838	18,140
Adjustments for:			
Credit loss of trade receivables	10	200	25
Provision for inventories	12	424	630
COVID-19 rent concessions received	11	(50)	–
Depreciation of property, plant and equipment	12	4,109	4,771
Depreciation of right-of-use assets	12	41,306	41,297
Equity-settled share-based payment expenses	12	–	15
Interest income	11	(36)	(87)
Finance costs	12	1,958	1,672
Loss on lease modification	11	–	287
Operating cash flows before movements in working capital		72,749	66,750
Increase in rental deposits		(133)	(144)
Increase in inventories		(57)	(2,042)
Decrease/(increase) in trade and other receivables and contract assets		8,447	(18,337)
Increase/(decrease) in trade and other payables, accrued expenses, provisions and long service payment obligation		3,360	(1,462)
(Decrease)/increase in contract liabilities		(701)	3,600
Net cash generated from operations		83,665	48,365
Hong Kong Profits Tax paid		(2,601)	(3,605)
Hong Kong Profits Tax refunded		–	1,989
<b>Net cash generated from operating activities</b>		<b>81,064</b>	<b>46,749</b>
<b>Investing activities</b>			
Payments for purchase of property, plant and equipment		(1,458)	(6,228)
Interest received		36	12
<b>Net cash used in investing activities</b>		<b>(1,422)</b>	<b>(6,216)</b>
<b>Financing activities</b>			
Proceeds from new bank borrowings	22(a)	2,000	–
Repayment of bank borrowings	22(a)	(4,500)	–
Interests paid on bank borrowings		(132)	(100)
Dividend paid to equity shareholders of the Company	13(a)&(b)	(20,073)	(22,488)
Capital element of lease rentals paid	22(a)	(39,525)	(40,939)
Interest element of lease rentals paid	22(a)	(1,826)	(1,572)
Decrease in amounts due to non-controlling interests	22(a)	(735)	–
Proceeds from issue of new shares in relation to award of shares	30	–	1,888
<b>Net cash used in financing activities</b>		<b>(64,791)</b>	<b>(63,211)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>14,851</b>	<b>(22,678)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>39,298</b>	<b>61,976</b>
<b>Cash and cash equivalents at the end of the year, represented by bank balances and cash</b>		<b>54,149</b>	<b>39,298</b>

The notes on pages 42 to 85 form part of these financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 1 General

World-Link Logistics (Asia) Holding Limited (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 consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company.

The Company acts as an investment holding company. The Company and its subsidiaries (the “Group”) are principally engaged in the supply chain management service and full service distribution business. Particulars of the subsidiaries are set out in note 17.

## 2 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2022

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2022 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 17, <i>Insurance contracts</i>	1 January 2023
Amendments to HKAS 1, <i>Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies</i>	1 January 2023
Amendments to HKAS 8, <i>Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates</i>	1 January 2023
Amendments to HKAS 12, <i>Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction</i>	1 January 2023
Amendments to HKAS 1, <i>Presentation of financial statements: Classification of liabilities as current or non-current</i>	1 January 2024
Amendments to HKAS 1, <i>Presentation of financial statements: Non-current liabilities with covenants</i>	1 January 2024
Amendments to HKFRS 16, <i>Leases: Lease liability in a sale and leaseback</i>	1 January 2024

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 3 Significant accounting policies

### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable HKFRSs which collective term includes all applicable individual Hong Kong Financial Reporting Standards, HKASs and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2022 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except as otherwise stated in the accounting policies set out below.

In addition, for financial reporting purpose, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follow:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 3 Significant accounting policies (continued)

### (c) Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- 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*
- HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*
- Annual Improvements to HKFRSs 2018-2020 Cycle

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. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### (d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 3(g)).



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 3 Significant accounting policies (continued)

### (e) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see note 3(d)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred except if related to the issue of equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. Contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

### (f) Property, plant and equipment and right-of-use assets

Property, plant and equipment, including right-of-use assets arising from the lease of underlying plant and equipment (see note 3(q)) are stated at cost less accumulated depreciation and impairment losses (see note 3(g)):

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Properties leased for own use	Over the period of lease term
– Plant and machinery	3 – 5 years
– Furniture and equipment	3 – 10 years
– Other equipment	3 – 5 years
– Leasehold improvements	Over the period of lease term
– Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 3 Significant accounting policies (continued)

### (g) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets; and
- investments in subsidiaries in the Company's statement of financial position

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

#### – Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

#### – Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

#### – Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

### **Interim financial reporting and impairment**

Under the Rules Governing the Listing of Securities on the Stock Exchange, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year.

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 3 Significant accounting policies (continued)

### (h) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### (i) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 3(s)).

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses.

#### Measurement of expected credit losses (ECLs)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls of trade and other receivables are discounted using the effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 3 Significant accounting policies (continued)

### (i) Trade and other receivables (continued)

#### Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss.

#### Basis of calculation of interest income on credit-impaired financial assets

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 3 Significant accounting policies (continued)

### (i) Trade and other receivables (continued)

#### Basis of calculation of interest income on credit-impaired financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

#### Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the asset become 1 year past due and the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

### (j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits with banks within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 3(i).

### (k) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

### (l) Employee benefits

#### (i) Share-based payments

The fair value of award shares ("Award Shares") granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the valuation model, taking into account the terms and conditions upon which the Award Shares were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the Award Shares, the total estimated fair value of the Award Shares is spread over the vesting period, taking into account the probability that the Award Shares will vest.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 3 Significant accounting policies (continued)

### (l) Employee benefits (continued)

#### (i) Share-based payments (continued)

During the vesting period, the number of Award Shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of Award Shares that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until the Award Shares are issued (when it is included in the amount recognised in share capital for the shares issued).

#### (ii) Retirement benefit costs

The contributions to defined contribution retirement plans are charged as an expense in the year as the related services are provided by employees.

The Group's net obligation under the Hong Kong Employment Ordinance in respect of long service payments on cessation of employment under certain circumstances is the estimated discounted amount of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated annually using the projected unit credit method, taking into account accrued benefits related to the Group's Mandatory Provident Fund (MPF) Scheme contributions that can be used to offset pre-transition long service payments.

#### (iii) Bonus plan

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of the bonus plan are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

### (m) Foreign currencies

In preparing the financial statements of each individual Group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 3 Significant accounting policies (continued)

### (n) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 3 Significant accounting policies (continued)

### (o) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

#### (i) Service income

Service fees are recognised as revenue when the relevant services have been rendered.

#### (ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

#### (iii) Sale of products

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

#### (iv) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 3 Significant accounting policies (continued)

### (p) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of past events; it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

### (q) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

#### As a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 3(f) and 3(g)).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets at amortised cost. Interest income from the deposits is calculated using the effective interest method (see note 3(o)(iii)). Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 3 Significant accounting policies (continued)

### (q) Leased assets (continued)

#### As a lessee (continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of HKFRS 16 *Leases*. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

### (r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's senior executive management, including executive directors, chief executive officer, chief operation officer and chief financial officer, who collectively review the Group's internal reporting in order to make strategic decisions.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

### (s) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 3(o)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 3(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 3(o)).

A contract liability is recognised when the customer pays non-refundable consideration before the group recognises the related revenue (see note 3(o)). A contract liability would also be recognised if the group has an unconditional right to receive non-refundable consideration before the group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 3(i)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 3 Significant accounting policies (continued)

### (t) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

### (u) Related parties

- (1) A person, or a close member of that person's family, is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (2) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (1).
  - (vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

## 4 Accounting judgement and estimates

### Sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. As the future is inherently uncertain, actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 4 Accounting judgement and estimates (continued)

### Sources of estimation uncertainty (continued)

Key sources of estimation uncertainty are as follows:

#### (a) Impairment of receivables

The Group performs regular review of the recoverability of receivables and makes loss allowance based on various factors including the aging of the receivables, historical write-off experience and forward-looking information. The identification of impairment of receivables requires the use of judgement and estimates. Where the expectations are different from the original estimates, such differences will impact the carrying values of receivables and the impairment loss on receivable is recognised in the years in which such estimates have been changed.

#### (b) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost of completion and distribution costs. These estimates are based on the sales volume history, the ageing of inventories, the physical condition of the inventories and the subsequent selling prices of inventories after year-end date. Management reassesses the estimations at the end of each reporting period.

## 5 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, share premium, retained profits and other reserve.

The Group monitors capital on the basis of the adjusted net debt-to-equity ratio. The directors of the Company review the capital structure on a regular basis by considering the cost of capital and the risks associated with each class of capital. Based on recommendation of directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as share buy-backs.

The ratios as at 31 December 2022 and 2021 were as follows:

	31 December 2022 HK\$'000	31 December 2021 HK\$'000
Bank borrowings	2,000	4,500
Lease liabilities	64,272	93,427
Total debt	66,272	97,927
Add: proposed dividend	5,018	10,037
<b>Adjusted net debt</b>	<b>71,290</b>	107,964
Total equity	109,261	117,929
Less: proposed dividend	(5,018)	(10,037)
<b>Adjusted total equity</b>	<b>104,243</b>	107,892
<b>Adjusted net debt-to-equity ratio</b>	<b>68.4%</b>	100%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 6 Revenue

	2022 HK\$'000	2021 HK\$'000
Supply chain management service income	177,153	162,069
Full service distribution sales	150,493	174,443
	<b>327,646</b>	336,512

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by operating segments is disclosed in note 7(a). Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

As at 31 December 2022, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is HK\$41,071,000 (2021: HK\$82,872,000). This amount represents revenue expected to be recognised in the future from service contracts entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur over the next 12 to 24 months (2021: next 12 to 36 months).

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its service contracts such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the service contracts that had an original expected duration of one year or less.

## 7. 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) supply chain management service business; and (ii) full service 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.

- Supply chain management service business      This segment provides warehousing, transportation; value-added services; and customisation services. Currently the activities in this regard are primarily carried out in Hong Kong.
- Full service distribution business                      This segment provides wholesales and trading of goods. Currently the activities in this regard are primarily carried out in Hong Kong and Macau.

During the year ended 31 December 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 year ended 31 December 2021 is restated to conform to the current year's presentation.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 7. Segment information (continued)

### (a) Segment revenue and results

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2022 and 2021 is set out below.

#### For the year ended 31 December 2022

	Supply chain management service business HK\$'000	Full service distribution business HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Total HK\$'000
<b>Disaggregated by timing of revenue recognition</b>					
Point in time	129,240	150,493	279,733	–	279,733
Overtime	47,913	–	47,913	–	47,913
<b>Revenue</b>					
Revenue from external customers	177,153	150,493	327,646	–	327,646
Inter-segment revenue	4,311	–	4,311	(4,311)	–
	181,464	150,493	331,957	(4,311)	327,646
<b>Results</b>					
Segment results	23,670	2,399			26,069
Unallocated corporate expenses					(1,231)
Profit before taxation					24,838



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 7 Segment information (continued)

### (a) Segment revenue and results (continued)

For the year ended 31 December 2021 (Restated)

	Supply chain management service business HK\$'000	Full service distribution business HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Total HK\$'000
<b>Disaggregated by timing of revenue recognition</b>					
Point in time	109,366	174,443	283,809	–	283,809
Overtime	52,703	–	52,703	–	52,703
<b>Revenue</b>					
Revenue from external customers	162,069	174,443	336,512	–	336,512
Inter-segment revenue	3,138	–	3,138	(3,138)	–
	165,207	174,443	339,650	(3,138)	336,512
<b>Results</b>					
Segment results	13,861	5,406			19,267
Unallocated corporate expenses					(1,127)
Profit before taxation					18,140

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3(r). Segment results represents profit earned from each segment without allocation of certain corporate income and expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 7 Segment information (continued)

### (b) Other segment information

For the year ended 31 December 2022

	Supply chain management service business HK\$'000	Full service distribution business HK\$'000	Segment total HK\$'000
Additions to property, plant and equipment	1,401	57	1,458
Additions to right-of-use assets	8,831	1,589	10,420
Depreciation of property, plant and equipment included in the measure of segment results	3,827	282	4,109
Depreciation of right-of-use assets included in the measure of segment results	40,295	1,011	41,306

For the year ended 31 December 2021 (Restated)

	Supply chain management service business HK\$'000	Full service distribution business HK\$'000	Segment total HK\$'000
Additions to property, plant and equipment	5,910	318	6,228
Additions to right-of-use assets	106,925	1,196	108,121
Loss on lease modification	287	–	287
Depreciation of property, plant and equipment included in the measure of segment results	4,264	507	4,771
Depreciation of right-of-use assets included in the measure of segment results	40,386	911	41,297



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 7 Segment information (continued)

### (c) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's plant, property and equipment and right-of-use assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of plant, property and equipment and right-of-use assets and the location of the operation to which they are allocated.

	Revenue from external customers		Specified non-current assets	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Hong Kong	198,014	180,546	66,584	100,302
Macau	129,632	155,966	1,931	1,750
	<b>327,646</b>	336,512	<b>68,515</b>	102,052

### (d) Information about major customers

Revenue from customers of corresponding years contributing over 10% of the Group's revenue are as follows:

	2022 HK\$'000	2021 HK\$'000
Customer A	66,994	54,885

Revenue from Customer A is generated from the supply chain management service business segment.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 8 Directors' remuneration and employees' emoluments

### (a) Directors' and the chief executive's emoluments

Details of the emoluments paid or payable by the entities comprising the Group to the directors and the chief executive of the Company are as follows:

#### For the year ended 31 December 2022

Name of director	Fee HK\$'000	Salaries and other allowances HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit scheme contributions HK\$'000	Share-based payments (note iv) HK\$'000	Total HK\$'000
<b>Executive directors</b> (note i)						
Mr. Yeung Kwong Fat (note ii)	348	2,506	-	285	-	3,139
Mr. Lee Kam Hung	348	2,506	-	285	-	3,139
Mr. Luk Yau Chi, Desmond	348	2,506	-	285	-	3,139
<b>Independent non-executive directors</b> (note iii)						
Mr. How Sze Ming	192	-	-	-	-	192
Mr. Jung Chi Pan, Peter	192	-	-	-	-	192
Mr. Mak Tung Sang	192	-	-	-	-	192
	<b>1,620</b>	<b>7,518</b>	<b>-</b>	<b>855</b>	<b>-</b>	<b>9,993</b>

#### For the year ended 31 December 2021

Name of director	Fee HK\$'000	Salaries and other allowances HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit scheme contributions HK\$'000	Share-based payments (note iv) HK\$'000	Total HK\$'000
<b>Executive directors</b> (note i)						
Mr. Yeung Kwong Fat (note ii)	348	2,506	-	285	4	3,143
Mr. Lee Kam Hung	348	2,506	-	285	4	3,143
Mr. Luk Yau Chi, Desmond	348	2,506	-	285	4	3,143
<b>Independent non-executive directors</b> (note iii)						
Mr. How Sze Ming	192	-	-	-	-	192
Mr. Jung Chi Pan, Peter	192	-	-	-	-	192
Mr. Mak Tung Sang	192	-	-	-	-	192
	<b>1,620</b>	<b>7,518</b>	<b>-</b>	<b>855</b>	<b>12</b>	<b>10,005</b>



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 8 Directors' remuneration and employees' emoluments (continued)

### (a) Directors' and the chief executive's emoluments (continued)

- (i) The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.
- (ii) Mr. Yeung Kwong Fat is the Chief Executive Officer of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive officer.
- (iii) The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.
- (iv) Share-based payments represent the estimated value of Award Shares granted to the directors and independent non-executive directors under the Company's share award scheme. The value of these Award Shares is measured according to the Group's accounting policies for share-based payment transactions as set out in note 3(l)(i).

Details of these benefits in kind, including the principal terms and numbers of Award Shares granted, are disclosed under note 34.

### (b) Employees' emoluments

The five highest paid individuals of the Group for the year include 3 (2021: 3) individuals who were appointed as directors of the Company. The emoluments of the remaining 2 (2021: 2) individuals for the years are as follows:

	2022 HK\$'000	2021 HK\$'000
Salaries and other allowances	1,472	1,368
Performance related incentive payments	205	140
Retirement benefit scheme contributions	36	18
	<b>1,713</b>	1,526

The emoluments of the 2 employees were less than HK\$1,000,000 each during the year.

During the year, no emoluments were paid by the Group to any of the directors of the Company or the chief executive of the Group or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company or the chief executive of the Group waived any emoluments during both years.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 9 Income tax in the consolidated statement of profit or loss and other comprehensive income

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2022 HK\$'000	2021 HK\$'000
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the year	3,723	2,456
Over-provision in respect of prior years	(20)	(235)
	<b>3,703</b>	2,221
<b>Deferred tax</b>		
Origination of temporary differences (note 20(b))	(308)	(62)
	<b>3,395</b>	2,159

The provision for Hong Kong Profits Tax for 2022 is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits for the year, taking into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2022/23, subject to a maximum reduction of HK\$6,000 for each business (2021: a maximum reduction of HK\$10,000 was granted for the year of assessment 2021/22 and was taken into account in calculating the provision for 2021). A subsidiary of the Group is eligible for 8.25% tax band of the first HK\$2,000,000 under the two-tiered tax regime introduced by the Hong Kong SAR Government.

The provision for Macau Complementary (Corporate) Tax for 2022 is calculated at 12.0% (2021: 12.0%) of the taxable income for the year, taking into account a tax incentive granted by the Macau SAR Government for the tax-free income threshold of MOP600,000 for the tax year 2022 (2021: MOP600,000). No provision for tax has been made for the subsidiary in Macau as the subsidiary does not have assessable profit for Macau Complementary Tax for 2022 and 2021.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2022 HK\$'000	2021 HK\$'000
Profit before taxation	24,838	18,140
Notional tax on profit before taxation	3,928	2,775
Tax effect of expenses not deductible for tax purposes	190	241
Tax effect of income not taxable for tax purposes	(595)	(25)
Utilisation of previous unrecognised tax loss	–	(450)
Over-provision in prior years	(20)	(235)
Others	(108)	(147)
Income tax expense for the year	<b>3,395</b>	2,159



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 10 Other expenses

	2022 HK\$'000	2021 HK\$'000
Auditor's remuneration		
– Audit service	1,030	1,010
– Non-audit services	26	86
Legal and professional fees	1,180	967
Credit loss of trade receivables	200	25
Transportation expense	4,200	2,552
Utilities	2,571	2,224
Repairs and maintenance expense	1,273	1,227
Warehouse expense	3,603	3,473
Packing materials	1,437	1,189
Insurance	1,639	1,763
Miscellaneous	3,793	3,178
	<b>20,952</b>	17,694

## 11 Other net income

	2022 HK\$'000	2021 HK\$'000
Interest income	36	87
Government grants (note)	3,576	194
COVID-19-related rent concessions received	50	–
Rental income from motor vehicle	600	613
Loss on lease modification	–	(287)
Promotion support income	73	1,182
Others	634	737
	<b>4,969</b>	2,526

Note: In 2022, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Government of Hong Kong Special Administrative Region. The purpose of the funding is to provide financial support to employers to retain their current employees or hire more employees when the business revives. Under the terms of the grant, the Group is required to employ a sufficient number of employees with reference to its proposed employee headcounts in each subsidy month. No such amount was received in 2021.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 12 Profit for the year

	2022 HK\$'000	2021 HK\$'000
Profit for the year has been arrived at after charging:		
Employee benefits expenses		
– Wages, salaries and allowances	57,968	53,169
– Post-employment benefits	3,689	1,701
– Share based payments	–	15
Cost of products sold	135,164	158,620
Provision for inventories	424	630
Depreciation charge		
– Property, plant and equipment	4,109	4,771
– Right-of-use assets	41,306	41,297
Finance costs – bank borrowings	132	100
Finance costs – interest on lease liabilities	1,826	1,572

## 13 Dividend

### (a) Dividends payable to equity shareholders of the Company attributable to the year

	2022 HK\$'000	2021 HK\$'000
Final dividend proposed after the end of the reporting period of 1.0 HK cent per ordinary share (2021: 2.0 HK cents per ordinary share)	5,018	10,037
Interim dividend declared of 1.0 HK cent per ordinary share (2021: 1.0 HK cent per ordinary share)	5,018	5,018
Special dividend declared of 3.0 HK cents per ordinary share (2021: 1.0 HK cent per ordinary share)	15,056	5,018
	<b>25,092</b>	20,073

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 13 Dividend (continued)

- (b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and/or paid during the year

	2022 HK\$'000	2021 HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of 2.0 HK cents per ordinary share (2021: 1.0 HK cent per ordinary share)	10,037	5,018
Special dividend in respect of the previous financial year paid during the year, of 1.0 HK cent per ordinary share (2021: 2.5 HK cents per ordinary share)	5,018	12,452
	<b>15,055</b>	17,470

## 14 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\$20,486,000 (2021: HK\$15,250,000) and the weighted average of 501,843,000 ordinary shares (2021: 501,656,000) in issue during the year, calculated as follows:

### Weighted average number of ordinary shares

	2022 '000	2021 '000
Weighted average number of ordinary shares used in calculating basic earnings per share	501,843	501,656

- (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\$20,486,000 (2021: HK\$15,250,000) and the weighted average of number share of ordinary shares of 501,843,000 shares (2021: 501,843,000), calculated as follows:

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

	2022 '000	2021 '000
Weighted average number of ordinary shares used in calculating basic earnings per share	501,843	501,656
Effect of deemed issue of ordinary shares under the Company's share award scheme for a subscription price of 50 HK cents per share	–	187
Weighted average number of ordinary shares used in calculating diluted earnings per share	<b>501,843</b>	501,843



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 15 Property, plant and equipment

	Plant and machinery HK\$'000	Furniture and equipment HK\$'000	Office equipment HK\$'000	Leasehold improvements HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Cost</b>						
At 1 January 2021	8,294	9,844	4,615	11,812	6,823	41,388
Additions	2,315	21	68	3,517	307	6,228
At 31 December 2021 and 1 January 2022	10,609	9,865	4,683	15,329	7,130	47,616
Additions	344	221	242	651	–	1,458
At 31 December 2022	10,953	10,086	4,925	15,980	7,130	49,074
<b>Depreciation</b>						
At 1 January 2021	7,161	9,762	3,248	10,037	2,840	33,048
Provided for the year	928	40	905	1,826	1,072	4,771
At 31 December 2021 and 1 January 2022	8,089	9,802	4,153	11,863	3,912	37,819
Provided for the year	1,123	76	380	1,467	1,063	4,109
At 31 December 2022	9,212	9,878	4,533	13,330	4,975	41,928
<b>Carrying values</b>						
At 31 December 2022	1,741	208	392	2,650	2,155	7,146
At 31 December 2021	2,520	63	530	3,466	3,218	9,797

## 16 Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	31 December 2022 HK\$'000	31 December 2021 HK\$'000
Properties leased for own use, carried at depreciated cost	61,369	92,255

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2022 HK\$'000	2021 HK\$'000
Depreciation charge of right-of-use assets:	41,306	41,297
Interest on lease liabilities	1,826	1,572
Expense relating to short-term leases	3,423	1,415
COVID-19-related rent concessions received	(50)	–

During the year, additions to right-of-use assets were HK\$10,420,000 (2021: HK\$108,121,000). This amount is primarily related to the capitalised lease payments payable under new/renewed tenancy agreements.

Details of the maturity analysis of lease liabilities are set out in note 28.

### Properties leased for own use

The Group has obtained the right to use several industrial buildings as its warehouses and office premises through tenancy agreements, where its facilities are primarily located. The leases typically run for an initial period of 2 to 3 years.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 17 Investment in subsidiaries

Name of subsidiaries	Place of incorporation and operations	Issued and fully paid ordinary share capital	Proportion of issued share capital owned by the Group		Principal activities
			2022	2021	
Real Runner Limited (note)	British Virgin Islands	US\$3,000	100%	100%	Investment holding
World-Link Roadway System Company Limited	Hong Kong	HK\$10,000	100%	100%	Provision of warehousing, transportation and value-added services
World-Link Packing House Company Limited	Hong Kong	HK\$100	100%	100%	Provision of customisation services
Forewide Companhia (Macau) Limitada	Macau	MOP25,000	100%	100%	Full service Distribution
Skya Link Limited ("Skya Link")	Hong Kong	HK\$1,000	51%	51%	Full service Distribution

Note: Real Runner Limited is directly held by the Company.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

## 18 Rental deposits

The balances represent rental deposits placed by the Group in connection with its rented premises. An amount of HK\$7,056,000 (2021: HK\$6,337,000) will recover after one year from the end of the reporting period. Therefore, this balance is classified as non-current. All of the other rental deposits are expected to be recovered within one year.

## 19 Inventories

	2022 HK\$'000	2021 HK\$'000
Finished goods	17,040	16,983
Less: provision on inventories	(2,061)	(1,637)
	<b>14,979</b>	15,346



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 20 Income tax in the consolidated statement of financial position

(a) Current taxation in the consolidated statement of financial position represents:

	2022 HK\$'000	2021 HK\$'000
Provision for Hong Kong Profits tax for the year	3,723	2,456
Provisional Profits Tax paid	(2,496)	(2,508)
Balance of Profits Tax payable relating to prior year	1,227	(52)
	–	177
Tax payable	1,227	125
Representing:		
Tax recoverable	–	(817)
Tax payable	1,227	942
	1,227	125

(b) Deferred tax assets recognised

The followings are the major deferred tax assets recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation HK\$'000	Credit loss allowance HK\$'000	Inventory provision HK\$'000	Total HK\$'000
At 1 January 2021	1,498	184	57	1,739
(Charged)/credited to profit or loss	(99)	33	128	62
At 31 December 2021 and 1 January 2022	1,399	217	185	1,801
Credited to profit or loss	214	53	41	308
At 31 December 2022	1,613	270	226	2,109



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 21 Trade and other receivables and contract assets

	2022 HK\$'000	2021 HK\$'000
Trade receivables, net of loss allowance	60,056	56,560
Prepayments	1,307	1,107
Contract assets (note 25)	1,856	5,559
Deposits and other receivables	4,307	12,947
	<b>67,526</b>	76,173

The Group allows a credit period ranging from 0 day to 120 days (2021: 0 day to 120 days) to its customers.

The following is an ageing analysis of trade receivables presented based on the invoice dates and net of loss allowance at the end of the reporting period.

	2022 HK\$'000	2021 HK\$'000
0 – 30 days	26,593	26,608
31 – 60 days	16,846	16,337
61 – 90 days	13,303	6,449
Over 90 days	3,314	7,166
	<b>60,056</b>	56,560

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 32(b).



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 22 Bank balances and cash

Bank balances and cash of the Group comprise bank balances that are interest-bearing at prevailing market rates.

### (a) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

	Amounts due to non-controlling interests HK\$'000 (Note 29)	Bank borrowings HK\$'000 (Note 24)	Lease liabilities HK\$'000 (Note 28)
<b>At 1 January 2021</b>	1,241	4,500	29,818
<b>Changes from financing cash flows:</b>			
Capital element of lease rentals paid	–	–	(40,939)
Interest element of lease rentals paid	–	–	(1,572)
<b>Total changes from financing cash flows</b>	–	–	(42,511)
<b>Other changes:</b>			
Increase in lease liabilities from entering into new leases during the year	–	–	107,657
Adjustment from lease modification	–	–	(3,109)
Interest expenses	–	–	1,572
<b>Total other changes</b>	–	–	106,120
<b>At 31 December 2021</b>	1,241	4,500	93,427



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 22 Bank balances and cash (continued)

### (a) Reconciliation of liabilities arising from financing activities: (continued)

	Amounts due to non-controlling interests HK\$'000 (Note 29)	Bank borrowings HK\$'000 (Note 24)	Lease liabilities HK\$'000 (Note 28)
<b>At 1 January 2022</b>	1,241	4,500	93,427
<b>Changes from financing cash flows:</b>			
Decrease in amounts due to non-controlling interests	(735)	-	-
Proceeds from new bank borrowings	-	2,000	-
Repayment of bank borrowings	-	(4,500)	-
Capital element of lease rentals paid	-	-	(39,525)
Interest element of lease rentals paid	-	-	(1,826)
<b>Total changes from financing cash flows</b>	<b>(735)</b>	<b>(2,500)</b>	<b>(41,351)</b>
<b>Other changes:</b>			
Increase in lease liabilities from entering into new/renewed leases during the year	-	-	10,420
COVID-19 pandemic-related rent concession	-	-	(50)
Interest expenses	-	-	1,826
<b>Total other changes</b>	<b>-</b>	<b>-</b>	<b>12,196</b>
<b>At 31 December 2022</b>	<b>506</b>	<b>2,000</b>	<b>64,272</b>

### (b) Total cash outflow for leases

Amounts included in the statement of cash flows for lease rental payments comprise the following:

	2022 HK\$'000	2021 HK\$'000
Within operating cash flows	3,373	1,415
Within financing cash flows	41,351	42,511
	<b>44,724</b>	43,926



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 23 Trade and other payables, accrued expenses and contract liabilities

	2022 HK\$'000	2021 HK\$'000
Trade payables	6,517	5,848
Accrued employees' benefits	3,669	3,346
Accrued expenses	4,207	3,471
Other payables	2,511	1,981
Contract liabilities	2,899	3,600
	<b>19,803</b>	18,246

### (a) Trade and other payables and accrued expenses

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 31 December 2022, the ageing analysis of trade payables based on invoice date, is as follows:

	2022 HK\$'000	2021 HK\$'000
0 – 30 days	6,177	5,625
31 – 60 days	312	147
61 – 90 days	3	–
Over 90 days	25	76
	<b>6,517</b>	5,848

### (b) Contract liabilities

The Group receives deposits from customers for sale of products. This amount is recognised as a contract liability until the sales are completed and the goods are delivered to the customers.

	2022 HK\$'000	2021 HK\$'000
Balance at 1 January	3,600	–
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	(3,600)	–
Increase in contract liabilities as a result of receiving deposits from customers during the year in respect of sale of goods yet been delivered	2,899	3,600
Balance at 31 December	<b>2,899</b>	3,600

The contract liabilities as at 31 December 2022 are expected to be recognised as income within one year.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 24 Bank borrowings

At 31 December 2022, the bank borrowings were repayable as follows:

	2022 HK\$'000	2021 HK\$'000
Within 1 year or on demand – unsecured	2,000	4,500

As at 31 December 2022 and 2021, all the bank borrowings were co-guaranteed by the Company and non-controlling interests of a subsidiary. None of the banking facilities as at 31 December 2022 and 2021 are subject to the fulfilment of covenants.

## 25 Contract assets

	2022 HK\$'000	2021 HK\$'000
Arising from performance under service contracts	1,856	5,559

All contract assets are expected to be recovered within one year.

The contract assets primarily relate to the Group's right to consideration for services performed and not billed because the rights are conditional on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

## 26 Reinstatement provisions

	Reinstatement works HK\$'000
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	499

The provision for the reinstatement works represents the management's best estimate of the liabilities associated with the removal and disposal of leasehold improvements at the end of a lease term when the Group is contractually obliged to restore the rented premises to a condition specified in the lease agreements.

## 27 Long service payment obligation

The Government of the Hong Kong SAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") in June 2022, which abolishes the use of the accrued benefits derived from employers' mandatory contributions under the MPF Scheme to offset severance payment and long service payment ("LSP") (the "offsetting arrangement").



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 27 Long service payment obligation (continued)

The Amendment Ordinance has prospective effect from a date to be announced by the Government. In particular, (i) employers may continue to use the accrued benefits derived from their MPF contributions (irrespective of the contributions made before, on or after the transition date, and irrespective of mandatory or voluntary contributions) to offset employees' pre-transition portion of LSP; (ii) pre-transition portion of LSP of employees will be calculated on the basis of the last month's salary immediately preceding the transition date and the years of service as at the transition date. Currently, the Group does not have any separate funding arrangement in place to meet its long service payment obligation. However, the Government announced that it plans to introduce a Designated Savings Accounts scheme after the abolition of the offsetting arrangement through legislation, where employers would have to save up for their LSP liabilities. The Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

As the amount of accrued benefits under the MPF Scheme that can be used to offset pre-transition LSP is expected to decrease once the abolition of the offsetting arrangement takes effect, the expected reduction in the related negative benefits in the future has been attributed to each employee's past and current service periods. This leads to an adjustment for the past service cost of HK\$899,000 and a recognition of the current service cost of HK\$190,000 in the year of enactment of the Amendment Ordinance. In addition, interest cost of HK\$13,000 on the long service payment obligation is recognised. The service costs and the interest on defined benefit liability are recognised in employee benefits expenses in the consolidated statement of profit or loss.

The estimated discounted amount of the Group's long service payment obligation has been determined based on certain significant assumptions, including the expected future salary increase of 2.5% to 4.0% and expected investment return rate of 2.4% from the MPF scheme assets, and discounted using a discount rate of 4.0%. The weighted average duration of the long service payment obligation is 15 years.

The following analysis shows how the Group's long service payment obligation as at 31 December 2022 would have increased/(decreased) as a result of reasonable possible changes in the significant assumptions:

	<b>Increase in 1% \$'000</b>	<b>Decrease in 1% \$'000</b>
Discount rate	(179)	287
Future salary increases	95	(37)
Investment return	(1)	76

The above sensitivity analysis is based on the assumption that changes in assumptions are not correlated and therefore it does not take into account the correlations between the assumptions.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 28 Lease liabilities

At 31 December 2022 and 2021, the lease liabilities were repayable as follows:

	2022 HK\$'000	2021 HK\$'000
Within 1 year or on demand	44,178	36,497
After 1 year but within 2 years	20,094	37,280
After 2 years but within 5 years	–	19,650
	<b>20,094</b>	56,930
	<b>64,272</b>	93,427

## 29 Amounts due to non-controlling interests

At 31 December 2022 and 2021, amounts due to non-controlling interests were unsecured, interest-free and repayable on demand.

## 30 Share capital

	Number of shares '000	Amount HK\$'000
Authorised		
At 1 January 2021, 31 December 2021 and 31 December 2022 of 1.0 HK cent	10,000,000	10,000,000
	Number of shares '000	Amount '000
Issued and fully paid:		
At 1 January 2021	498,067	4,981
Shares issued under share award scheme	3,776	37
At 31 December 2021, 1 January 2022 and 31 December 2022	501,843	5,018
		HK\$'000
Shown in the consolidated statement of financial position		5,018

On 19 January 2021, the Group issued the last tranche of 3,776,000 Award Shares under the share award scheme at a subscription price of 50 HK cents per share with total consideration of HK\$1,888,000. HK\$37,000 and HK\$2,822,000 were recorded in share capital and share premium respectively.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 31 Reserves

### (a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out in note 37 to the financial statements.

### (b) Nature and purpose of reserves

#### (i) Share premium

Pursuant to the Companies Law (2004 Revision) of the Cayman Islands, the share premium account is distributable to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

#### (ii) Capital reserve

The capital reserve comprises the fair value of the actual or estimated number of unexercised Award Shares granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments in note 3(l)(i).

## 32 Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, short-term bank deposit with original maturity within three months, bank balances and cash and trade and other payables.

Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include interest rate risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

### (a) Interest rate risk

The Group's interest rate risk arises primarily from borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate profit as monitored by management is set out in (i) below.

#### (i) Interest rate profile

The following table details the interest rate profile of the Group at the end of the reporting period.

	2022		2021	
	Effective interest rate %	HK\$'000	Effective interest rate %	HK\$'000
<b>Fixed rate borrowings:</b>				
Lease liabilities	2.5%	64,272	2.5%	93,427
Bank borrowings	4.5%	2,000	2.2%	4,500
Total borrowings		66,272		97,927

No sensitivity analysis is presented as the borrowings are fixed rate instruments and not measured at fair value in the financial statements.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 32 Financial risk management objectives and policies (continued)

### (b) Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade receivables. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual customer at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings.

As at 31 December 2022, the Group has concentration of credit risk as 29.6% (2021: 27.1%) of the total trade receivables was due from the Group's largest customer. The Group's concentration of credit risk on the top five largest customers accounted for 65.9% (2021: 66.9%) of the total trade receivables as at 31 December 2022.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 120 days from the date of billing. Normally the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 32 Financial risk management objectives and policies (continued)

### (b) Credit risk (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2022		
	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	1.8%	45,705	(822)
1 – 30 days past due	3.2%	11,536	(371)
31 – 60 days past due	5.7%	2,715	(156)
61 – 90 days past due	10.3%	911	(94)
More than 90 days past due	18.7%	777	(145)
		<b>61,644</b>	<b>(1,588)</b>
		2021	
	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	1.5%	45,791	(687)
1 – 30 days past due	2.7%	4,214	(113)
31 – 60 days past due	4.8%	4,072	(196)
61 – 90 days past due	8.6%	3,001	(258)
More than 90 days past due	15.4%	870	(134)
		<b>57,948</b>	<b>(1,388)</b>

Expected loss rates are based on actual loss experience over the past 12 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the loss rates for trade receivables are reasonable approximations of the loss rates for contract assets. The Group assesses the ECLs for contract assets are insignificant and no loss allowance has been recognised.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 32 Financial risk management objectives and policies (continued)

### (c) Liquidity risk

In management of the liquidity risk, the Group monitors and maintains levels of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay.

#### For the year ended 31 December 2022

	Contractual undiscounted cash outflow				Carrying amount at 31 December HK\$'000
	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Total HK\$'000	
Trade and other payables and accrued expenses	16,905	–	–	16,905	16,905
Bank borrowings	2,022	–	–	2,022	2,000
Amounts due to non-controlling interests	506	–	–	506	506
Lease liabilities	45,297	20,253	–	65,550	64,272
	64,730	20,253	–	84,983	83,683

#### For the year ended 31 December 2021

	Contractual undiscounted cash outflow				Carrying amount at 31 December HK\$'000
	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Total HK\$'000	
Trade and other payables and accrued expenses	14,646	–	–	14,646	14,646
Bank borrowings	4,518	–	–	4,518	4,500
Amounts due to non-controlling interests	1,241	–	–	1,241	1,241
Lease liabilities	38,390	38,274	19,794	96,458	93,427
	58,795	38,274	19,794	116,863	113,814

### (d) Fair value measurement

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate to their respective fair values at the end of the reporting period.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 33 Retirement benefit schemes

The Group operates a defined contribution scheme for all qualified employees. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group also participates in a defined contribution scheme which is registered under the MPF Scheme established under the Mandatory Provident Fund Ordinance in December 2022.

For members of the MPF Scheme, the Group contributes at the lower of HK\$1,500 per month or 5% of relevant payroll costs each month to the MPF Scheme, which contribution is matched by the employee.

The only obligation of the Group with respect to these retirement benefits schemes is to make the specified contributions. During the year, the total amount contributed by the Group to the schemes and cost charged to the profit or loss represents contributions paid/payable to the schemes by the Group at rates specified in the rules of the schemes. The retirement benefit scheme contributions made by the Group during the year amounted to HK\$2,345,000 (2021: HK\$2,345,000).

Provision for long service payments is recognised as an expense when employees have rendered services entitling them on cessation of employment in certain circumstances. Further details are disclosed in note 27.

## 34 Equity-settled share-based transactions

On 19 January 2018 ("Award Date"), 12,000,000 Award Shares were granted to 13 selected individuals at the Subscription Price of 50 HK cents per Award Share, (i) up to 10,224,000 Connected Award Shares will be awarded to 6 connected selected individuals by way of issue and allotment of new Shares and (ii) up to 1,776,000 Independent Award Shares will be awarded to 7 independent selected individuals by way of issue and allotment of new Shares. The purpose of the Award Share is to allow the Group to retain and provide incentives to the selected individuals for the continual operation and development of the Group and allow the Group to recognise and motivate the contributions made by the selected individuals to the Group.

The Award Shares granted to the grantees will vest in 3 equal instalments on the first, second and third anniversary of the Award Date. The number of Award Shares to be vested in the first tranche is subject to the fulfilment of performance guarantee mechanism with reference to revenue generated from new customers of the Group for the year ended 31 December 2019 as set out in the share award scheme. The number of Award Shares to be vested in the subsequent tranches is subject to the service condition of the grantees.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 34 Equity-settled share-based transactions (continued)

Movements in the number of Award Shares are as follows:

	Number of Award Shares granted but not yet vested
At 1 January 2021	3,776,000
Award shares issued on 19 January 2021 (note 30)	(3,776,000)
At 31 December 2021, 1 January 2022, and 31 December 2022	–

During the year ended 31 December 2021, the Group recognised share-based payment expenses of HK\$15,000 with a corresponding increase in a capital reserve within equity.

## 35 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions:

Remuneration for key management is the amount paid to the Company's Directors as disclosed in note 8. Total remuneration is included in "employee benefits expenses".

## 36 Comparative figures

As a result of the change in operating segments determined by the Group's CODM and the amendment in legislation relating to long service payment during the year ended 31 December 2022, certain comparative figures have been adjusted to conform to current year's presentation. Further details are disclosed in note 7 and note 27 respectively.



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 37 Company-level statement of financial position

	2022 HK\$'000	2021 HK\$'000
<b>Non-current assets</b>		
Investment in a subsidiary	25,183	25,183
<b>Current assets</b>		
Other receivables	243	254
Amount due from subsidiaries	128,069	92,540
Bank balances and cash	17,696	7,464
	146,008	100,258
<b>Current liabilities</b>		
Other payables and accrued expenses	69	182
Amount due to a subsidiary	54,439	22,818
Dividend payable	15,056	5,018
	69,564	28,018
<b>Net current assets</b>	76,444	72,240
<b>Net assets</b>	101,627	97,423
<b>Capital and reserves</b>		
Share capital	5,018	5,018
Reserves (Note)	96,609	92,405
	101,627	97,423

The Company's statement of financial position was approved and authorised for issue by the board of directors on 27 March 2023 and are signed on its behalf by:

**Mr. Yeung Kwong Fat**  
Director

**Mr. Lee Kam Hung**  
Director



# Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

## 37 Company-level statement of financial position (continued)

Note:

	Share premium HK\$'000	Merger reserve HK\$'000	Capital reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2021	63,317	25,183	956	5,790	95,246
Profit and total comprehensive income for the year	–	–	–	10,347	10,347
Recognition of equity-settled share-based payment expense	–	–	15	–	15
Issue of ordinary shares in relation to award of new shares	2,822	–	(971)	–	1,851
Dividend approved in respect of previous year	–	–	–	(5,018)	(5,018)
Dividend declared in respect of the current year	–	–	–	(10,036)	(10,036)
At 31 December 2021 and 1 January 2022	66,139	25,183	–	1,083	92,405
Profit and total comprehensive income for the year	–	–	–	34,315	34,315
Dividend approved in respect of previous year	–	–	–	(10,037)	(10,037)
Dividend declared in respect of the current year	–	–	–	(20,074)	(20,074)
At 31 December 2022	66,139	25,183	–	5,287	96,609

At 31 December 2022, the aggregate amount of reserves available for distribution to equity shareholders of the Company amounted to HK\$96,609,000 (2021: HK\$92,405,000).



# FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set out below:

## Results

	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000
<b>Revenue</b>	<b>327,646</b>	336,512	212,262	197,153	155,210
Profit before taxation	<b>24,838</b>	18,140	23,535	26,268	14,137
Income tax expense	<b>(3,395)</b>	(2,159)	(2,620)	(3,753)	(3,029)
Profit for the year attributable to:					
Equity shareholders of the Company	<b>20,486</b>	15,250	20,578	22,515	11,108
Non-controlling interests	<b>957</b>	731	337	–	–
<b>Assets and Liabilities</b>					
Total assets	<b>214,527</b>	242,603	180,695	205,267	110,832
Total liabilities	<b>(105,266)</b>	(124,674)	(65,596)	(96,137)	(18,552)
Net assets	<b>109,261</b>	117,929	115,099	109,130	92,280

