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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

The Board of Directors (the "**Board**") is pleased to announce that the consolidated financial results of the Group for the year ended 31 December 2018, together with the comparative figures for the year ended 31 December 2017. The financial information has been approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2018

	NOTES	**2018** ***HK$'000***	2017 *HK$'000*
Revenue	*3*	**155,210**	163,610
Other income		**504**	1,181
Employee benefits expenses		**(52,652)**	(46,417)
Depreciation of property, plant and equipment		**(3,898)**	(2,009)
Operating lease rentals in respect of rented premises		**(42,241)**	(42,482)
Sub-contracting expenses		**(28,043)**	(26,750)
Operating lease rental in respect of plant, machinery and equipment		**(1,053)**	(1,421)
Other expenses		**(13,433)**	(16,040)
Cost of sales recognised		**(257)**	(715)
Profit before taxation		**14,137**	28,957
Income tax expense	*5*	**(3,029)**	(5,327)
Profit and total comprehensive income for the year		**11,108**	23,630
Earnings per share *(HK cents)*	*6*		
Basic		**2.31**	4.92
Diluted		**2.26**	4.92

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	NOTES	**2018** **HK$'000**	2017 *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**7,211**	8,792
Rental deposits		**5,582**	6,775
Deferred tax assets		**905**	685
Prepayments for property, plant and equipment		**500**	–
		14,198	16,252
Current assets			
Inventories – finished goods		**34**	403
Trade and other receivables and contract assets	*7*	**47,551**	47,681
Rental deposits		**1,422**	–
Short-term bank deposit with original maturity over three months		**13,000**	37,000
Tax recoverable		**1,706**	–
Bank balances and cash		**32,921**	18,172
		96,634	103,256
Current liabilities			
Trade and other payables and accrued expenses	*8*	**8,235**	7,966
Tax payable		**–**	1,500
Dividend payable		**9,600**	–
		17,835	9,466
Net current assets		**78,799**	93,790
Total assets less current liabilities		**92,997**	110,042
Non-current liabilities			
Provisions		**717**	610
NET ASSETS		**92,280**	109,432
CAPITAL AND RESERVES			
Share capital	*9*	**4,800**	4,800
Reserves		**87,480**	104,632
TOTAL EQUITY		**92,280**	109,432

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Note	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Capital reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2017		4,800	49,350	10	–	31,642	85,802
Changes in equity for the year ended 31 December 2017:							
Profit and total comprehensive income for the year		–	–	–	–	23,630	23,630
At 31 December 2017 and 1 January 2018		4,800	49,350	10	–	55,272	109,432
Changes in equity for the year ended 31 December 2018:							
Profit and total comprehensive income for the year		–	–	–	–	11,108	11,108
Recognition of equity-settled share-based payment expense		–	–	–	2,940	–	2,940
Dividend approved in respect of previous year	*10*	–	–	–	–	(21,600)	(21,600)
Dividend declared in respect of the current year	*10*	–	–	–	–	(9,600)	(9,600)
At 31 December 2018		4,800	49,350	10	2,940	35,180	92,280

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

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 2018 annual report to be issued.

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 integrated logistics service and packing services.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

(a) Basis of preparation

The financial results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2018, but are derived from those financial statements.

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the share-based payments are stated at fair value.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(b) 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 and prior accounting periods reflected in the financial statements.

(b) Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

(i) HKFRS 9, Financial instruments

(ii) HKFRS 15, Revenue from contracts with customers

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

(i) HKFRS 9, Financial instruments

HKFRS 9 replaces HKAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39.

a. Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

b. Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" (ECL) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables).

Opening balance adjustment

There has been no impact on the Group at a result of this change in accounting policy.

The adoption of HKFRS 9 does not have any material impact on the financial position and the financial result of the Group.

(ii) HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aims to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Previously, revenue arising from provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. 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.

Unbilled revenue was presented as contract assets included in trade and other receivables and contract assets.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from sales of goods and rendering of services.

3. REVENUE

	2018	2017
	HK$'000	*HK$'000*
Warehousing services income	**73,282**	77,625
Transportation services income	**37,720**	36,493
Customisation services income	**33,759**	39,703
Value-added services income	**10,070**	8,696
Sale of goods	**379**	1,093
	155,210	163,610

4. SEGMENT INFORMATION

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

Segment revenue and results

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

For the year ended 31 December 2018

	Logistics solutions business *HK$'000*	Customisation services *HK$'000*	Others *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Disaggregated by timing of revenue recognition						
Point in time	78,025	34,177	379	112,581	–	112,581
Overtime	42,629	–	–	42,629	–	42,629
Revenue						
Revenue from external customers	120,654	34,177	379	155,210	–	155,210
Inter-segment revenue	6,000	–	–	6,000	(6,000)	–
	126,654	34,177	379	161,210	(6,000)	155,210
Results						
Segment results	14,325	4,743	122			19,190
Unallocated corporate income						75
Unallocated corporate expenses						(5,128)
Profit before taxation						14,137

For the year ended 31 December 2017

	Logistics solutions business *HK$'000*	Customisation services *HK$'000*	Others *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Disaggregated by timing of revenue recognition						
Point in time	67,601	40,010	1,093	108,704	–	108,704
Overtime	54,906	–	–	54,906	–	54,906
Revenue						
Revenue from external customers	122,507	40,010	1,093	163,610	–	163,610
Inter-segment revenue	6,000	–	–	6,000	(6,000)	–
	128,507	40,010	1,093	169,610	(6,000)	163,610
Results						
Segment results	22,340	10,145	378			32,863
Unallocated corporate income						331
Unallocated corporate expenses						(4,237)
Profit before taxation						28,957

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

Other segment information

For the year ended 31 December 2018

	Logistics solutions business *HK$'000*	Customisation services *HK$'000*	Segment total *HK$'000*
Additions to non-current assets	**2,298**	**19**	**2,317**
Depreciation of property, plant and equipment included in the measure of segment results	**3,812**	**86**	**3,898**

For the year ended 31 December 2017

	Logistics solutions business *HK$'000*	Customisation services *HK$'000*	Segment total *HK$'000*
Additions to non-current assets	7,288	284	7,572
Depreciation of property, plant and equipment included in the measure of segment results	1,935	74	2,009
Gain on disposal of property, plant and equipment included in the measure of segment results	384	–	384

Information about major customers

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

	2018 *HK$'000*	2017 *HK$'000*
Customer A	**23,819**	29,450
Customer B	**77,511**	87,728
Customer C	**30,422**	N/A*

* The corresponding amount is less than 10% of the Group's total revenue for the year ended 31 December 2017.

Revenue from Customer A, B and C are generated from both of the logistics solutions business and customisation services segments.

5. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Current Tax – Hong Kong Profits Tax		
– provision for the year	**3,284**	5,262
– over-provision in respect of prior years	**(35)**	(19)
	3,249	5,243
Deferred tax		
Origination and reversal of temporary differences	**(220)**	84
	3,029	5,327

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

6. 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$11,108,000 (2017: HK$23,630,000) and the weighted average of 480,000,000 ordinary shares (2017: 480,000,000) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2018	2017
	'000	*'000*
Weighted average number of ordinary shares used in calculating basic earnings per share	**480,000**	480,000

(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$11,108,000 (2017: HK$23,630,000) and the weighted average of number share of ordinary shares of 491,408,000 shares (2017: 480,000,000) shares, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2018	2017
	'000	*'000*
Weighted average number of ordinary shares used in calculating basic earnings per share	**480,000**	480,000
Effect of deemed issue of ordinary shares under the Company's share award scheme for a subscription price of 50 HK cents per share	**11,408**	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	**491,408**	480,000

7. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

The following is an aging analysis of trade receivables presented based on the invoice dates at the end of each reporting period, which approximated the respective revenue recognition dates:

	2018	2017
	HK$'000	*HK$'000*
0-30 days	**18,172**	16,484
31-60 days	**14,105**	16,622
61-90 days	**9,993**	5,247
Over 90 days	**2,244**	6,605
	44,514	44,958

8. TRADE AND OTHER PAYABLES

The amount included approximately HK$2,620,000 (2017: HK$2,603,000) trade payables that aged within 30 days based on the invoice dates at the end of the reporting period.

9. SHARE CAPITAL

	Number of shares	*HK$*
Issued and fully paid:		
At 31 December 2017 and 31 December 2018	480,000,000	4,800,000

	HK$'000
Shown in the consolidated statement of financial position	4,800

10. DIVIDEND

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

	2018	2017
	HK$'000	*HK$'000*
Final dividend proposed after the end of the reporting period of 1 HK cent per ordinary share (2017: 1 HK cent per ordinary share)	**4,840**	4,800
Special dividend proposed after the end of the reporting period of Nil per ordinary share (2017: 3.5 HK cents per ordinary share)	**–**	16,800
Special dividend declared of 2 HK cents per ordinary share (2017: Nil)	**9,600**	–
	14,440	21,600

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.

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

	2018	2017
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of 1 HK cent per share (2017: Nil)	**4,800**	–
Special dividend in respect of the previous financial year, approved and paid during the year, of 3.5 HK cents per share (2017: Nil)	**16,800**	–
	21,600	–

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The low growth rate of retail sales of commodities in the supermarket segment has adversely affected our business in the personal care sector of the fast moving consumer goods ("**FMCG**") segment which is our focus. According to the Report entitled "Report on Monthly Survey of Retail Sales" for December 2018 released by the Census and Statistics Department, the Government of the Hong Kong Special Administrative Region, the value of total retail sales increased by 8.8% in value over that of the same period in 2017. To be more precise and related to the Group's customer sectors, the provisional estimate of the value of sales of FMCG in supermarkets for 2018 increased by 1.2% only when compared with that for 2017 (The value of sales of jewellery, watches and clocks, and valuable gifts increased by 13.7% in 2018). The flat growth rate reflects the difficult environment for the personal care sector of the FMCG segment of the Group and explains the reason why the revenue of the personal care sector of the FMCG segment of the Group decreased in 2018.

Milestone in 2018

Though the organic growth in the personal care sector of the FMCG segment has decreased, the Group has achieved several milestones in 2018.

Firstly, the management believes that the existing customer structure has become healthier and more diversified. In the past, the management has focused on developing the personal care sector of the FMCG segment. In 2018, the Group has focused more on developing new business which is the cold chain business segment. The Group has started to provide total supply cold chain solution to the food sector of the FMCG segment in the fourth quarter in 2017. In 2018, the Group has extended the cold chain business segment to the retailing segment as well. The Group believes that the customer structure is not balanced in the past, which would hinder the development of the Group in the future. As a result, the Group adopted the strategies of expanding (i) the FMCG segment from the personal care sector to the food sector; and (ii) cold chain business in the retailing segment. The Group has accumulated much experience in food delivery and total supply chain solution to MNC customers. Up to year end of 2018, we have expanded (i) the food sector under the FMCG segment which includes pet health nutrition and pharmaceuticals and nutrition products, and (ii) the retailing segment in the cold chain business. The customer concentration has therefore been reduced and this will lead to healthy growth of the Company in the future.

Secondly, the revenue from the food sector under the FMCG segment increased significantly in 2018 by 95.4% when compared to that of 2017. The sharp increment was contributed by a multinational family-owned manufacturer of confectionery and pet care brands which has its headquarters in Mclean, Virginia, the United States. The Group commenced business relationship with this customer since October 2017.

Thirdly, our distribution centre has been endorsed as one of a few qualified distribution centres by a global pharmaceutical company which is listed on the New York Stock Exchange ("**the New Pharmaceutical Customer**"). The stringent quality requirements set by this customer have further strengthened World-Link's capability to grow in the future. The success relied on our continuous investment in staffing and capital expenditure in upgrading our facilities. This is a key milestone as our business is not only focusing personal care sector of the FMCG segment, we have also diversified into the pharmaceuticals and nutrition products sector of the FMCG segment as well. This is the second endorsement as a qualified distribution centre with global pharmaceutical companies within three years.

Fourthly, the cold chain business segment of the Group has recorded continuous growth. During the fourth quarter of 2018, the Group has further strengthened the business relationship with a customer, a key restaurant player with over 100 restaurants in Hong Kong, which the Group has started providing logistics and cold chain solution services since the first half of 2018 ("**New Cold Chain Customer**"). Since the fourth quarter of 2018, the Group has expanded the coverage of the total cold chain solution services provided to this customer to all restaurants under one of its major restaurant chain brands. Further, this customer also engaged the Group to commence provision of cold chain solution services to an additional major restaurant chain operated by the customer. This customer has contributed to the revenue in the cold chain business segment of the Group in 2018, which recorded significant growth in revenue in 2018 as compared to that in 2017.

Furthermore, the Group provides total supply chain solution business relationship with a global leader in pet health nutrition. This is a milestone of the Group to expand its clientele to include a multinational pet food leader which is headquartered in Mclean, Virginia, the United States. The Group has started providing services to this customer in February 2019.

A hundred-story building first needs a strong foundation

The profit for the year ended 31 December 2018 decreased by 53.0% when compared with that for the year ended 31 December 2017. The main reason for the decrease is the increase of operating cost which includes staff cost, IT expenses and depreciation resulting from upgrading of our warehouse facilities. These expenses can also be considered as long term investments.

The Group has provided better staff benefits which include the adoption of a share award scheme in 2018. The staff cost increased by 13.4% for the year ended 31 December 2018 when compare with that for the year ended 31 December 2017.

The Group has further been equipped with a fleet of cold chain truck for the purpose of serving the New Cold Chain Customer, which resulted in the increase of subcontracting expenses. The increase in the amount of provision of depreciation is due to the increase in the renovation cost on the repacking centre in order to comply with the requirements of qualifying as a qualified distribution centre of the New Pharmaceutical Customer. The increase in the amount of provision of depreciation resulting from the upgrade of warehousing facilities and other fixed assets in 2017 also increased the operating cost for the year ended 31 December 2018. The management believes that World-Link is unable to grow with a solid base without further investment in staff, IT systems, renovation of the repacking centre and upgrading of the warehousing facilities.

In 2019, the Group will further expand into (i) the food sector under the FMCG segment which include pet health nutrition and pharmaceuticals and nutrition products, and (ii) the retailing segment in the cold chain business. The management is confident that the cold chain business segment will maintain strong growth components of the Group. The Group will continue to improve the quality of our service in order to expand the Group's business and customer base.

Financial Review

Revenue

The revenue of the Group decreased by approximately 5.1% from approximately HK$163.6 million for the year ended 31 December 2017 to approximately HK$155.2 million for the year ended 31 December 2018. The decrease in revenue was mainly attributable to the lower demand of logistics services by existing personal care sector of the FMCG customers.

The Group's business segments in the food sector of the FMCG segment has performed well, in spite of external challenges. In 2018, we attained a 95.4% increase in revenue in the food sector of the FMCG segment as a result of attraction of new customers in 2017 and 2018.

Other income

Other income comprised bank interest income and other miscellaneous income. Other income includes HK$1,181,000 and HK$504,000 for the year ended 31 December 2017 and the year ended 31 December 2018 respectively. The decrement is due to no gain on disposal of property, plant and equipment in 2018.

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$52.7 million for the year ended 31 December 2018 (2017: HK$46.4 million). The increment is mainly due to the improvement of staff benefits for staff retention by the adoption of a share award scheme. Our Group had a total of 279 and 253 full-time employees as at 31 December 2017 and 31 December 2018 respectively. The decrease in the number of staff is due to natural wastage and the streamlining of the Group's organisation structure.

Other expenses

Other expenses mainly include other operating cost for the warehousing and value-added services, electricity, repair and maintenance, consumables, entertainment, rates, office and store supplies. For the year ended 31 December 2017 and 2018, other expenses amounted to approximately HK$16.0 million and HK$13.4 million respectively. The decrement is due to the non-recurring expenses in relation to the transfer of listing application by the Company to the Stock Exchange on 17 March 2017 for the proposed transfer of listing to the Main Board of the Stock Exchange in 2017.

Taxation

Income tax expense represents the provision of Hong Kong profits tax calculated at 16.5% of the estimated assessable profits during the year ended 31 December 2018.

Profit and total comprehensive income for the year ended 31 December 2018

The Group recorded a net profit after taxation of approximately HK$11.1 million for the year ended 31 December 2018, representing a decrement of approximately 53.0% compared to the year ended 31 December 2017. The substantial decline of net profit is mainly due to (i) the decline in financial results of the fourth quarter in 2018 as compared to that for the corresponding period in 2017; and (ii) the increase in operating costs which include staff expenses.

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 2018, the Group had net current assets of approximately HK$78.8 million (2017: approximately HK$93.8 million), cash and cash equivalents of approximately HK$32.9 million as at 31 December 2018 (2017: approximately HK$18.2 million) and short-term bank deposit with original maturity over three months of HK$13.0 million (2017: 37.0 million). The Directors have confirmed that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

GEARING RATIO

As at 31 December 2018, 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 nil (2017: Nil).

FOREIGN CURRENCY RISK

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

CAPITAL COMMITMENT

As at 31 December 2018, the Group did not have material capital commitments (2017: Nil).

OTHER INFORMATION

Scope of work of KPMG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2018 as set out in preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

DIVIDEND

The Board is pleased to announce that at the Board meeting held today, resolutions have been passed to recommend the payment of a final dividend (the "**Final Dividend**") of HK1.0 cent (2017: HK1.0 cent) per share amounting to HK$4,840,000 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 Friday, 19 July 2019 to the shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 3 July 2019, 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 HK1.0 cent per share for the year ended 31 December 2018, the register of members of the Company will be closed from Friday, 28 June 2019 to Wednesday, 3 July 2019, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 27 June 2019.

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 review the Group's capital structure regularly. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, issuance of new shares as well as the issue of new debt and redemption of existing debt.

CHARGE ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2018, the Group has no bank borrowings (2017: Nil). The subsidiaries in the Group have banking facility of HK$45.0 million which are guaranteed by the Company (2017: HK$45.0 million). The Group has no material contingent liabilities as at 31 December 2018.

MATERIAL ACQUISITIONS AND DISPOSAL

During the year ended 31 December 2018, the Group had no material acquisitions and disposals of subsidiaries.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2018, the Group employed 253 (31 December 2017: 279) full time employees. We determine the employee's remuneration based on factors such as qualification, duty, contributions and years of experience.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Company and any of its subsidiaries did not purchase, sell or redeem any of the Company's listed securities.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions By Directors of Listed Issuers in Appendix 10 of the Listing Rules. The Company, having made specific enquiry of all the Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the year ended 31 December 2018.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31 December 2018, the Directors and their associates had the following interests or short positions in shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**"):

Interests in the Company

		Number of shares held		Number of underlying shares pursuant to Award Shares		Percentage of Company's issued share capital
Name of Director	**Capacity**	**Personal interests**	**Other interests**		**Total interests**	
Mr. Yeung Kwong Fat *(Note 1, 2)*	Interest in a controlled corporation; beneficial owner	7,400,000	125,348,000	3,344,000	136,092,000	28.35%
Mr. Lee Kam Hung *(Note 1, 3)*	Interest in a controlled corporation; beneficial owner	624,000	130,296,000	3,344,000	134,264,000	27.97%
Mr. Luk Yau Chi, Desmond *(Note 1, 4)*	Interest in a controlled corporation; beneficial owner	1,800,000	64,988,000	3,344,000	70,132,000	14.61%
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. 136,092,000 Shares in which Mr. Yeung is interested consist of (i) 125,348,000 Shares held by Orange Blossom International Limited, a company wholly owned by Mr. Yeung, in which Mr. Yeung is deemed to be interested under the SFO, (ii) 7,400,000 Shares are directly held by Mr. Yeung and (iii) 3,344,000 underlying Shares which have been conditionally awarded to Mr. Yeung and to be issued and allotted under three tranches in 2019, 2020 and 2021 pursuant to the Share Award Scheme adopted by the Company in 2018.

3. 134,264,000 Shares in which Mr. Lee is interested consist of (i) 130,296,000 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, (ii) 624,000 Shares are directly held by Mr. Lee and (iii) 3,344,000 underlying Shares which have been conditionally awarded to Mr. Lee and to be issued and allotted under three tranches in 2019, 2020, 2021 pursuant to the Share Award Scheme adopted by the Company in 2018.

4. 70,132,000 Shares in which Mr. Luk is interested consist of (i) 64,988,000 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, (ii) 1,800,000 Shares are directly held by Mr. Luk and (iii) 3,344,000 underlying Shares which have been conditionally awarded to Mr. Luk and to be issued and alloted under three tranches in 2019, 2020 and 2021 pursuant to the Share Award Scheme adopted by the Company in 2018.

5. 64,000 underlying Shares have been conditionally awarded to Mr. How and to be issued and allotted under three tranches in 2019, 2020 and 2021 pursuant to the Share Award Scheme adopted by the Company in 2018.

6. 64,000 underlying Shares have been conditionally awarded to Mr. Jung and to be issued and allotted under three tranches in 2019, 2020 and 2021 pursuant to the Share Award Scheme adopted by the Company in 2018.

7. 64,000 underlying Shares have been conditionally awarded to Mr. Mak and to be issued and allotted under three tranches in 2019, 2020 and 2021 pursuant to the Share Award Scheme adopted by the Company in 2018.

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 2018, 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 2018, the following persons (other than Directors or Chief Executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity	Number of Shares/ underlying Shares held	Percentage of Company's issued share capital
Best Matrix Global Limited *(Note 1)*	Beneficial owner	130,296,000	27.15%
Leader Speed Limited *(Note 1)*	Beneficial owner	64,988,000	13.54%
Orange Blossom International Limited *(Note 1)*	Beneficial owner	125,348,000	26.11%
Ms. Law Wai Yee *(Note 2)*	Interest of spouse	136,092,000	28.35%
Ms. Chan Pik Shan *(Note 3)*	Interest of spouse	134,264,000	27.97%
Ms. Wong Soo Fung *(Note 4)*	Interest of spouse	70,132,000	14.61%
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:

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. Ms. Law Wai Yee is the spouse of Mr. Yeung and is deemed, or taken to be, interested in Shares in which Mr. Yeung has interest under the SFO.

3. Ms. Chan Pik Shan is the spouse of Mr. Lee and is deemed, or taken to be, interested in Shares in which Mr. Lee has interest under the SFO.

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

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 2018.

CHANGE IN CONTROLLING SHAREHOLDERS

Upon execution of the Termination Deed, Mr. Yeung, Mr. Lee, Mr. Luk and their respective wholly-owned companies will not be deemed to be interested in each other's interest in the share of the Company and they are no longer a group of shareholders of the Company acting in concert pursuant to the Code of Takeovers. As a result, each of Mr. Yeung, Mr. Lee, Mr. Luk and their respective wholly owned companies, namely Orange Blossom International Limited, Best Matrix Global Limited and Leader Speed Limited, with interest less than 30% voting right in the Company, are no longer controlling shareholders of the Company upon the execution of the Termination Deed. Please refer to the announcement published by the Company on 9 July 2018 for details.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2018 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 2018 or at any time during the year ended 31 December 2018.

COMPETING INTEREST

For the year ended 31 December 2018, the Directors are not aware of any business or interest of the Directors, the Controlling Shareholders, the management shareholders and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest.

EVENTS AFTER THE REPORTING PERIOD

On 21 January 2019, the Company has conditionally award an aggregate of 4,000,000 Award Shares to 13 Selected Individuals at the Subscription Price of 50 HK cents per Award Share, of which (i) up to 3,408,000 Connected Award Shares were awarded to six Connected Selected Individuals who are the Executive Directors and the Independent Non-Executive Directors of the Company by way of issue and allotment of new Shares and (ii) up to 592,000 Independent Award Shares were awarded to seven Independent Selected Individuals by way of issue and allotment of new Shares.

Please refer to the next day disclosure returns published by the Company on 21 January 2019 for details of the issue of new Share.

CORPORATE GOVERNANCE PRACTICES

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 A.2.1, the Company's corporate governance practices have complied with the CG Code. Details of the continuing evolution of our corporate governance practices for the year ended 31 December 2018 are set out in the 2018 annual report.

CG Code Provision A.2.1 stipulates that the role of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yeung Kwong Fat is the Chairman and the chief executive officer of our Company. In view of Mr. Yeung being one of the co-founders of our Group and has been operating and managing World-Link Roadway System Company Limited and World-Link Packing House Company Limited since 1994 and 2009 respectively, our Board believes that it is in the best interest of the Group to have Mr. Yeung taking up both roles for effective management and business development. Therefore our Directors consider that the deviation from the CG Code provision A.2.1 is appropriate in such circumstance.

The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high-caliber individuals, with 3 of them being Independent Non-executive Directors.

AUDIT COMMITTEE

The board has established an audit committee (the "**Audit Committee**") on 16 December 2015, which operates under terms of reference approved by the Board. It is the Board's responsibility to ensure that an effective internal control and risk management framework exists within the entity. This includes internal controls, risk management 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 Audit Committee currently comprises three Independent Non-executive Directors, namely Mr. How Sze Ming, Mr. Mak Tung Sang and Mr. Jung Chi Pan, Peter. Mr. How Sze Ming is the chairman of the Audit Committee. The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2018.

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

Hong Kong, 25 March 2019

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

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