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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board of Directors (the "**Board**") of World-Link Logistics (Asia) Holding Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2019 (the "**Period**"), together with the comparative figures for the corresponding period in 2018 as follows:

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

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
			(Note)
		HK$'000	*HK$'000*
	Notes	***(Unaudited)***	*(Unaudited)*
Revenue	*3*	**80,136**	77,133
Other income		**168**	306
Employee benefits expenses		**(25,325)**	(24,431)
Depreciation of property, plant and equipment and right-of-use assets		**(17,407)**	(1,994)
Operating lease rentals in respect of rented premises		**(5,367)**	(20,973)
Sub-contracting expenses		**(15,631)**	(13,234)
Cost of sales recognised		**(3)**	(207)
Operating lease rental in respect of plant, machinery and equipment		**(372)**	(571)
Other expenses		**(5,632)**	(7,413)
Profit from operations		**10,567**	8,616
Finance costs – interest on lease liabilities		**(1,321)**	–
Profit before taxation		**9,246**	8,616
Income tax expense	*5*	**(1,091)**	(1,639)
Profit and total comprehensive income for the period		**8,155**	6,977
Earnings per share *(HK cents)*	*7*		
Basic		**1.69**	1.45
Diluted		**1.66**	1.42

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Notes	30 June 2019 HK$'000 (Unaudited)	31 December 2018 (Note) HK$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**8,878**	7,211
Right-of-use assets		**62,367**	–
Rental deposits		**6,854**	5,582
Deferred tax assets		**1,354**	905
Prepayments for property, plant and equipment		**1,600**	500
		81,053	14,198
Current assets			
Inventories – finished goods		**39**	34
Trade and other receivables and contract assets	*10*	**43,117**	47,551
Rental deposits		**885**	1,422
Short-term bank deposit with original maturity over three months		**26,000**	13,000
Tax recoverable		**166**	1,706
Bank balances and cash		**20,283**	32,921
		90,490	96,634
Current liabilities			
Trade and other payables and accrued expenses	*11*	**5,510**	8,235
Lease liabilities		**32,927**	–
Dividend payable		**4,840**	9,600
		43,277	17,835

	Note	30 June 2019 HK$'000 (Unaudited)	31 December 2018 (Note) HK$'000 (Audited)
Net current assets		**47,213**	78,799
Total assets less current liabilities		**128,266**	92,997
Non-current liabilities			
Provisions		**717**	717
Lease liabilities		**32,675**	–
		33,392	717
NET ASSETS		**94,874**	92,280
CAPITAL AND RESERVES			
Share capital	*12*	**4,840**	4,800
Reserves		**90,034**	87,480
TOTAL EQUITY		**94,874**	92,280

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to the owners of the Company					
	Share capital	**Share premium**	**Merger reserve**	**Capital reserve**	**Retained profits**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2018 (audited)	4,800	49,350	10	–	55,272	109,432
Profit and total comprehensive income for the period	–	–	–	–	6,977	6,977
Recognition of equity – settled share-based payment expense	–	–	–	360	–	360
Dividends	–	–	–	–	(21,600)	(21,600)
At 30 June 2018 (unaudited)	4,800	49,350	10	360	40,649	95,169
At 1 January 2019 (audited)	4,800	49,350	10	2,940	35,180	92,280
Impact on initial application of HKFRS 16	–	–	–	–	(3,320)	(3,320)
	4,800	49,350	10	2,940	31,860	88,960
Profit and total comprehensive income for the period	–	–	–	–	8,155	8,155
Recognition of equity – settled share-based payment expense	–	–	–	599	–	599
Issue of ordinary shares in relation to award of new shares	40	3,896	–	(1,936)	–	2,000
Dividends	–	–	–	–	(4,840)	(4,840)
At 30 June 2019 (unaudited)	4,840	53,246	10	1,603	35,175	94,874

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2019

	2019	2018
		(Note)
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
NET CASH FROM OPERATING ACTIVITIES	**28,462**	13,667
INVESTING ACTIVITIES		
Withdrawal of short term bank deposit with original maturity over three months	**13,000**	37,000
Placement of short term bank deposit with original maturity over three months	**(26,000)**	(13,000)
Purchase of property, plant and equipment	**(3,898)**	(1,509)
Interest received	**105**	161
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	**(16,793)**	22,652
FINANCING ACTIVITIES		
Capital element of lease rentals paid	**(15,386)**	–
Interest element of lease rentals paid	**(1,321)**	–
Proceed from issue of new shares in relation to award of new shares	**2,000**	–
Dividends paid	**(9,600)**	(16,800)
NET CASH USED IN FINANCING ACTIVITIES	**(24,307)**	(16,800)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(12,638)**	19,519
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**32,921**	18,172
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	**20,283**	37,691

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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 GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 29 December 2015. On 15 November 2017, the Company has successfully transferred its shares listed on the GEM to the Main Board of the Stock Exchange. The addresses of the registered office and the principal place of business of the Company are disclosed in the section "**Corporate Information**" in the annual report.

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

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

This unaudited condensed consolidated financial statements has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 29 August 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

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

The unaudited condensed consolidated financial statements has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of any changes in accounting polices are set out as below.

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions* involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("**short-term leases**") and leases of low value assets.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. 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.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

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. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

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.

(b) *Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies*

(i) Classification of interest in leasehold land and buildings held for own use

In accordance with HKAS 16, rights to use properties under tenancy agreements are carried at depreciated cost.

The tenancy agreements are typically for periods of no more than 10 years and are subject to other restrictions, in particular on transferability of the Group's tenancy rights to others. These shorter term tenancy agreements are executed in order to retain operational flexibility and to reduce the Group's exposure to the property market fluctuation. They may contain termination or extension clauses, and/or variable rental payment clauses linked to the level of sales generated by the Group's use of the premises, and are typically subject to market rent reviews every two to three years.

(ii) Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(c) *Transitional impact*

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 3.62%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019; and

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

The following table reconciles the operating lease commitments as disclosed in note 14 as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019
	$'000
Operating lease commitments at 31 December 2018	23,384
Less: commitments relating to leases exempt from capitalisation:	
– short-term lease and other leases with remaining lease term ending on or before 31 December 2019	(7,408)
Add: lease payments for the additional periods where the Group considers it reasonably certain that it will exercise the extension options	63,863
	79,839
Less: total future interest expenses	(3,620)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and total lease liabilities recognised at 1 January 2019	76,219

The right-of-use assets in relation to leases previously classified as operating leases have been recognised as if HKFRS 16 had always been applied since the commencement date of the lease (other than discounting using the relevant incremental borrowing rate at 1 January 2019).

The Group presents right-of-use assets and lease liabilities as separate line items in the unaudited condensed consolidated statement of financial position.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's unaudited condensed consolidated statement of financial position:

	Carrying amount at 31 December 2018	Impacts on adoption of HKFRS 16	Carrying amount at 1 January 2019
	$'000	*$'000*	*$'000*
Property, plant and equipment	7,211	–	7,211
Right-of-use assets	–	72,899	72,899
Total non-current assets	14,198	72,899	87,097
Trade and other payables and accrued expenses	8,235	–	8,235
Lease liabilities (current)	–	30,836	30,836
Current liabilities	17,835	30,836	48,671
Net current assets	78,799	(30,836)	47,963
Total assets less current liabilities	92,997	42,063	135,060
Lease liabilities (non-current)	–	45,383	45,383
Total non-current liabilities	717	45,383	46,100
Net assets	92,280	(3,320)	88,960

The net book value of the Group's right-of-use assets by underlying assets at the end of the reporting period and at the date of transition to HKFRS 16 is as follows:

	At 30 June 2019	At 1 January 2019
	$'000	*$'000*
Properties leased for own use, carried at depreciated cost	62,367	72,899

(d) Impact on the financial result and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's unaudited condensed consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

The following tables may give an indication of the estimated impact of adoption of HKFRS 16 on the Group's financial result for the six months ended 30 June 2019, by adjusting the amounts reported under HKFRS 16 in these unaudited condensed consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply to 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

	2019				2018
	Amounts reported under HKFRS 16 (A)	**Add back: HKFRS 16 depreciation and interest expense (B)**	**Deduct: Estimated amounts related to operating lease as if under HKAS 17 (note 1) (C)**	Hypothetical amounts for 2019 as if under HKAS 17 (D=A+B-C)	Compared to amounts reported for 2018 under HKAS 17
	$'000	***$'000***	***$'000***	*$'000*	*$'000*
Financial result for the six months ended 30 June 2019 impacted by the adoption of HKFRS 16:					
Profit from operations	**10,567**	**15,178**	**(16,513)**	9,232	8,616
Finance costs – interest on lease liabilities	**(1,321)**	**1,321**	**–**	–	–
Profit before taxation	**9,246**	**16,499**	**(16,513)**	9,232	8,616
Profit for the period	**8,155**	**16,499**	**(16,513)**	8,141	6,977

3. REVENUE

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Transportation services income	**20,593**	18,711
Warehousing services income	**38,312**	37,950
Customisation services income	**15,575**	15,688
Value-added services income	**5,651**	4,474
Sale of goods	**5**	310
	80,136	77,133

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 operating segments have been aggregated in arriving at the reportable segments of the Group. No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM.

Segment revenue and results

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

For the six months ended 30 June 2019

	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	**46,158**	**15,835**	**5**	**61,998**	**–**	**61,998**
Overtime	**18,138**	**–**	**–**	**18,138**	**–**	**18,138**
Revenue						
Revenue from external customers	**64,296**	**15,835**	**5**	**80,136**	**–**	**80,136**
Inter-segment revenue	**3,000**	**–**	**–**	**3,000**	**(3,000)**	**–**
	67,296	**15,835**	**5**	**83,136**	**(3,000)**	**80,136**
Results						
Segment results	**7,898**	**2,484**	**3**			**10,385**
Unallocated corporate income						**27**
Unallocated corporate expenses						**(1,166)**
Profit before taxation						**9,246**

For the six months ended 30 June 2018

	Logistics solutions business	Customisation services	Others	Segment total	Eliminations	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Disaggregated by timing of revenue recognition						
Point in time	35,573	15,861	310	51,744	–	51,744
Overtime	25,389	–	–	25,389	–	25,389
Revenue						
Revenue from external customers	60,962	15,861	310	77,133	–	77,133
Inter-segment revenue	3,000	–	–	3,000	(3,000)	–
	63,962	15,861	310	80,133	(3,000)	77,133
Results						
Segment results	**8,189**	**1,913**	**103**			**10,205**
Unallocated corporate income						**74**
Unallocated corporate expenses						**(1,663)**
Profit before taxation						**8,616**

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

Other segment information

	Addition to non-current assets	
	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Logistics solutions business	**4,608**	2,298
Customisation services	**258**	19
Segment total	**4,866**	2,317

Non-current assets excluded deferred tax assets and right-of-use assets.

	Addition of right-of-use assets by segments 30 June 2019
	HK$'000
	(Unaudited)
Logistics solutions business	**77,544**
Customisation services	**–**
Segment total	**77,544**

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Hong Kong Profits Tax		
– current period	**1,540**	1,717
– prior year	**–**	(19)
Deferred taxation	**(449)**	(59)
Total income tax expense for the period	**1,091**	1,639

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2019 (for the six months ended 30 June 2018: 16.5%).

6. INTERIM DIVIDEND

A special dividend (the "**Special Dividend**") of 2.0 HK cents (year ended 31 December 2017 : 3.5 HK cents) per share amounting to HK$9,600,000 in aggregate (year ended 31 December 2017: HK$16,800,000) was declared and approved by the Board pursuant to Article 155 (c) of the Company's Articles of Association on 4 December 2018. The Special Dividend was paid in cash during the six months ended 30 June 2019.

At the Company's annual general meeting held on 17 June 2019, the shareholders of the Company approved the payment of a final dividend of 1.0 HK cent (year ended 31 December 2017: 1.0 HK cent) per share amounting to HK$4,840,000 in aggregate (year ended 31 December 2017: HK$4,800,000) for the year ended 31 December 2018, as recommended by the Board, which was paid in cash to the shareholders of the Company on 19 July 2019, whose names appeared on the register of members of the Company on 3 July 2019.

The Board does not recommend any interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: Nil).

7. 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$8,155,000 (for the six months ended 30 June 2018: HK$6,977,000) and the weighted average of 483,558,000 ordinary shares (as at 30 June 2018: 480,000,000) in issue during the six months ended 30 June 2019, calculated as follows:

Weighted average number of ordinary shares

	2019	2018
	'000	*'000*
	(Unaudited)	*(Unaudited)*
Weighted average number of ordinary shares used in calculating basic earnings per share	**483,558**	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$8,155,000 for the six months ended 30 June 2019 (for the six months ended 30 June 2018: HK$6,977,000) and the weighted average number of ordinary shares of 492,000,000 shares (as at 30 June 2018: 490,807,000), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2019	2018
	'000	*'000*
	(Unaudited)	*(Unaudited)*
Weighted average number of ordinary shares used in calculating basic earnings per share	**483,558**	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	**8,442**	10,807
Weighted average number of ordinary shares used in calculating diluted earnings per share	**492,000**	490,807

8. MOVEMENTS IN PROPERTY AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired approximately HK$4,132,000 (six months ended 30 June 2018: HK$1,509,000) of equipment.

9. RIGHT-OF-USE ASSETS

As discussed in note 2, the Group has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17.

During the six months ended 30 June 2019, the Group renewed the lease agreements for use of warehouses and recognised the additions to right-of-use assets of HK$4,645,000.

10. TRADE RECEIVABLES

	30 June 2019 *HK$'000* ***(Unaudited)***	31 December 2018 *HK$'000* *(Audited)*
Trade receivables	**39,523**	44,514

The Group generally allows a credit period ranging from 0 days to 120 days to its customers.

The Group does not hold any collateral over these balances.

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

	30 June 2019 *HK$'000* ***(Unaudited)***	31 December 2018 *HK$'000* *(Audited)*
0–30 days	**13,823**	18,172
31–60 days	**13,677**	14,105
61–90 days	**9,916**	9,993
Over 90 days	**2,107**	2,244
	39,523	44,514

11. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Trade payables aged within 30 days	**2,551**	2,620
Accrued employees benefits	**1,208**	3,118
Provision for long service payments	**193**	193
Accrued expenses	**1,336**	1,863
Other payables	**222**	441
	5,510	8,235

12. SHARE CAPITAL

	Number of shares		**Share capital**	
	30 June 2019	31 December 2018	**30 June 2019**	31 December 2018
			HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*	***(Unaudited)***	*(Audited)*
Issued and fully paid:				
At beginning of the period/year	**480,000,000**	480,000,000	**4,800**	4,800
Issue of ordinary shares in relation to award of new shares *(Note 13)*	**4,000,000**	–	**40**	–
At end of the period/year	**484,000,000**	480,000,000	**4,840**	4,800

13. SHARE INCENTIVE SCHEME

Award Shares to Directors

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

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

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

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

14. OPERATING LEASES

As at 31 December 2018, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises, machinery and equipment which fall due as follows:

	2018
	HK$'000
	(Audited)
Rented premises	
Within one year	22,778
Machinery and equipment	
Within one year	606
	23,384

The Group is the lessee in respect of a number of properties held under leases which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases (see note 2). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the statement of financial position in accordance with the policies set out in note 2.

15. COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective method. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.

16. SUBSEQUENT EVENT

On 31 July 2019, the Company completed a discloseable transaction of a Target Company which is incorporated in Macau with limited liability and is mainly engaged in general trading, which includes wholesale and trading of daily necessities and medicine. For details, please refer to the announcement entitled "Completion of Discloseable Transaction Acquisition of the Entire Issued Shares in the Target Company Involving Issue of Consideration Shares under General Mandate" published by the Company on 31 July 2019 (the "**Announcement**"). The Company issued 10,067,114 Consideration Shares on the same day. The total issued share capital was enlarged to 494,067,114. Terms used herein have the same meanings as those defined in the Announcement unless otherwise stated.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The low GDP growth rate, decreasing trend of retail sales and tourism formulated an unstable external economic environment for the Group in the first half of 2019. According to the statistics published by the "tradingeconomics.com" (an online platform which provides historical economic data, forecasts, news etc) and the Report entitled "Gross Domestic Product (Quarterly) (Second Quarter 2019)" released by the Census and Statistics Department, the Government of the Hong Kong Special Administrative Region (the "**HKSAR**"), the year-on-year rate of change in real terms of GDP of Hong Kong in the first quarter and the second quarter of 2019 were only 0.6% and 0.5% respectively which were the lowest growth rate since the third quarter of 2009. According to the Report entitled "Report on Monthly Survey of Retail Sales" for June 2019 released by the Census and Statistics Department, the Government of the HKSAR, for the first half year of 2019, the value of total retail sales decreased by 2.6% compared with that in the same period in 2018. According to the Report entitled "Visitor arrivals by country/region of residence" for June 2019 released by the Census and Statistics Department, the Government of the HKSAR, the number of tourists in June 2019 decreased by 21.9% comparing with that at the end of year 2018 which showed a decreasing trend of number of tourists travelled to Hong Kong. As we focus on fast moving consumer goods ("**FMCG**") which are greatly affected by the trend of retail sales and tourism, the external economics environment for the Group was not stable in the first half of 2019.

Though the external economic environment was not stable in the first half year of 2019, the Group has achieved a number of milestone in the first half year of 2019. Further, the Group has accomplished an increment of revenue of 3.9% and profit and total comprehensive income of 16.9% for the first half year of 2019 comparing with those for the first half year of 2018 during an unstable external economic environment. Not only the profit and total comprehensive income increased, the net profit margin also showed improvement. The net profit margin for the six months ended 30 June 2019 is approximately 10.2% while the net profit margin for the six months ended 30 June 2018 is approximately 9.0%, representing an improvement of approximately 1.2% in terms of net profit margin.

Milestone in 2019

The Group has achieved several milestones in the first half year of 2019.

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. The Group further expanded the food sector of the FMCG segment and achieved 43.9% increment in this segment when comparing to that in the first half of 2018. It has further developed the pet health nutrition segment which is under the food sector in the first half of 2019. The new customer is a multinational family-owned manufacturer of confectionery and pet care brands which has its headquarters in Mclean, Virginia, the United States ("**the New Pet Food Customer**"). Certainly, the food sector under the FMCG segment in 2019 is further strengthened by the pharmaceuticals and nutrition products and the retailing segment in the cold chain business which the Group has commenced business relationship with them in 2018. Looking forward, in the second half of 2019, the Group will start the business relationship with a new customer which is the world's leading manufacturer of chocolate, chewing gum, mints and fruity confections with headquarter in the United States ("**the New Chewing Gum Customer**"). The customer concentration has therefore been reduced and this will lead to healthy growth of the Company in the future.

Secondly, the Group has expanded its business by acquisition of a target company. In May 2019, the Group announced that it has entered into a Sale and Purchase Agreement of the acquisition of the target company. The Group is delighted to announce that the completion of the acquisition was achieved in July 2019. The target company is incorporated in Macau with limited liability and is mainly engaged in general trading, which includes wholesale and trading of daily necessities and medicine. The Group expanded the sales of goods segment through this new subsidiary. The acquisition diversifies the Group's business from integrated logistics solution business segment to trading segment. Please refer to the announcements published by the Company on 31 May 2019, 3 June 2019 and 31 July 2019 for details.

Thirdly, the Group continue to expand its business by acquiring new customers. Out of the total revenue for the six months ended 30 June 2019, 13.1% was contributed by new customers. The New Pet Food Customer and the New Chewing Gum Customer are expected to contribute to the new business growth progressively in the second half of 2019.

Fourthly, the cold chain business segment continues to be the important segment of the Group. The Group has maintained good business relationship with the 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. This customer becomes one of the key contributors to the revenue in the cold chain business segment of the Group in the first half of 2019.

A hundred-story building first needs a strong foundation

The profit and total comprehensive income for the six months ended 30 June 2019 increased by 16.9% when comparing with that in the six months ended 30 June 2018. The main reason for the increment is mainly contributed by the increment of revenue of 3.9% and stringent cost control in other expenses and operating lease rentals in respect of plant, machinery and equipment. The investment in improving staff benefits, IT facilities and warehouse facilities in 2018 has contributed to the success and increment in the results in the first half of 2019. The Group expect that the successful consequences from the investment will continuously be realised in the second half of 2019.

Outlook

The Group will continue its diversification policy to maintain the healthy growth of the Group in the second half year of 2019. The New Chewing Gum Customer will strengthen the food sector under the FMCG segment while the newly acquired company will strengthen the trading segment. The management of the Group stays positive for the growth of the Group in the second half year of 2019.

Financial Review

Revenue

The revenue of the Group increased by approximately 3.9% from approximately HK$77.1 million for the six months ended 30 June 2018 to approximately HK$80.1 million for the six months ended 30 June 2019. The increment of revenue was driven by the new customers.

Revenue generated from warehousing services increased by approximately 1.0% from approximately HK$38.0 million for the six months ended 30 June 2018 to HK$38.3 million for the six months ended 30 June 2019.

Revenue generated from customisation services decreased by approximately 0.7% from approximately HK$15.7 million for the six months ended 30 June 2018 to HK$15.6 million for the six months ended 30 June 2019. The revenue remained stable in both periods.

Revenue generated from transportation services increased by approximately 10.1% from approximately HK$18.7 million for the six months ended 30 June 2018 to HK$20.6 million for the six months ended 30 June 2019. The increase of revenue was contributed by the cold chain solution customer which the Group has started to provide services in April 2018.

Revenue generated from value added services and sale of goods increased by approximately 18.2% from approximately HK$4.8 million for the six months ended 30 June 2018 to HK$5.7 million for the six months ended 30 June 2019. The increment of revenue from value added services was due to the provision of value added services to new customers.

Employee benefits expenses

Employee benefits expenses primarily consisted of wages and salaries, medical benefits, and other allowances and benefits. Our employee benefits expenses amounted to approximately HK$25.3 million for the six months ended 30 June 2019 (for the six months ended 30 June 2018: HK$24.4 million). Our Group had a total of 253 and 240 full-time employees as at 31 December 2018 and 30 June 2019 respectively. The decreasing number of staff was due to natural wastage and reorganization of organization structure while the increment of employee benefits expenses was driven by the improvement of staff benefits for staff retention.

Other expenses

Other expenses mainly included other operating cost for warehousing and value-added services, electricity, repair and maintenance, consumables, entertainment, rates and office and store supplies. For the six months ended 30 June 2019, other expenses amounted to approximately HK$5.6 million (for the six months ended 30 June 2018: HK$7.4 million). The decrement of approximately 24.0% was mainly because of the stringent cost control of the Group.

Taxation

The taxation mainly represented the provision of Hong Kong Profits Tax calculated at 16.5% of the estimated assessable profits during the six months ended 30 June 2018 and 2019.

Profit and total comprehensive income for the six months ended 30 June 2019

Our Group recorded a net profit after taxation of approximately HK$8.2 million for the six months ended 30 June 2019, representing an increment of approximately 16.9% compared to that in the six months ended 30 June 2018. The increment of net profit after taxation was mainly driven by the increase in revenue of the logistics solution business segment, stringent cost control of other expenses and deferred taxation effect resulting from changes in accounting policy upon adoption of HKFRS 16.

INTERIM DIVIDEND

The Directors do not recommend payment of an interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operation and investments during the reporting period were financed principally by cash generated from its business operations. As at 30 June 2019, the Group had net current assets of approximately HK$47.2 million (31 December 2018: approximately HK$78.8 million) and had cash and cash equivalents of approximately HK$20.3 million as at 30 June 2019 (31 December 2018: approximately HK$32.9 million) and short-term bank deposit with original maturity over three months of HK$26.0 million as at 30 June 2019 (31 December 2018: HK$13.0 million). The Directors have confirmed that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

GEARING RATIO

As at 30 June 2019, the gearing ratio (calculated on the basis of total bank borrowings divided by total assets at the end of the six months period) of the Group is nil (31 December 2018: 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 30 June 2019, the Group did not have material capital commitments (31 December 2018: Nil).

CAPITAL STRUCTURE

The capital structure of the Group consists of equity attributable to the equity holders 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 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 debt and redemption of existing debt.

MATERIAL ACQUISITIONS AND DISPOSAL

Save as stated in the following paragraph, during the six months ended 30 June 2019, the Group had no material acquisitions and disposals of subsidiaries.

In May 2019, the Company, through an indirect wholly-owned subsidiary, has entered into a Sale and Purchase Agreement for the acquisition of the Target Company. For details, please refer to the announcements entitled "Discloseable Transaction Acquisition of the Entire Issued Shares in the Target Company Involving Issue of Consideration Shares under General Mandate" published by the Company on 31 May 2019 and 3 June 2019 (the "**Announcements**"). Terms used herein have the same meanings as those defined in the Announcements unless otherwise stated.

Subsequently, in July 2019, the Company completed the said discloseable transaction. For details, please refer to the Announcement of the Company published on 31 July 2019. The Company issued 10,067,114 consideration shares on the same day.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the Group employed 240 (31 December 2018: 253) full time employees. We determine the employee's remuneration based on factors such as qualification, duty, contributions and years of experience and the prevailing market condition.

CHARGE ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2019, the Group has no bank borrowings (31 December 2018: Nil). The Group has banking facility of HK$45.0 million which were guaranteed by the Company (31 December 2018: HK$45.0 million). The Group has no material contingent liabilities as at 30 June 2019.

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

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries 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 six months ended 30 June 2019.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2019, the Directors and their associates had the following interests or short positions in shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**"):

Interests in the Company

Name of Director and chief executives	Capacity	Number of shares held Personal interests	Other interests	Number of underlying shares pursuant to Award Shares	Total interests	Percentage of Company's issued share capital
Mr. Yeung Kwong Fat *(Note 1)*	Interest in a controlled corporation; and beneficial owner	11,352,000	117,188,000	2,272,000	130,812,000	27.03%
Mr. Lee Kam Hung *(Note 2)*	Interest in a controlled corporation; and beneficial owner	1,696,000	130,296,000	2,272,000	134,264,000	27.74%
Mr. Luk Yau Chi, Desmond *(Note 3)*	Interest in a controlled corporation; and beneficial owner	3,448,000	74,988,000	2,272,000	80,708,000	16.68%
Mr. How Sze Ming *(Note 4)*	Beneficial owner	64,000	–	–	64,000	0.01%
Mr. Jung Chi Pan, Peter *(Note 5)*	Beneficial owner	64,000	–	–	64,000	0.01%
Mr. Mak Tung Sang *(Note 6)*	Beneficial owner	64,000	–	–	64,000	0.01%
Ms. Leung Ho Yee *(Note 7)*	Beneficial owner	176,000	–	344,000	520,000	0.11%

Notes:

1. 130,812,000 Shares in which Mr. Yeung is interested consist of (i) 117,188,000 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) 11,352,000 Shares is directly held by Mr. Yeung and (iii) 2,272,000 underlying Shares which have been conditionally awarded to Mr. Yeung and to be issued and allotted under two tranches in 2020 and 2021 pursuant to the Share Award Scheme adopted by the Company in 2018.

2. 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) 1,696,000 Shares is directly held by Mr. Lee and (iii) 2,272,000 underlying Shares which have been conditionally awarded to Mr. Lee and to be issued and allotted under two tranches in 2020 and 2021 pursuant to the Share Award Scheme adopted by the Company in 2018.

3. 80,708,000 Shares in which Mr. Luk is interested consist of (i) 74,988,000 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) 3,448,000 Shares is directly held by Mr. Luk and (iii) 2,272,000 underlying Shares which have been conditionally awarded to Mr. Luk and to be issued and alloted under two tranches in 2020 and 2021 pursuant to the Share Award Scheme adopted by the Company in 2018.

4. 64,000 Shares were issued and allotted to Mr. How on 21 January 2019 pursuant to the Share Award Scheme adopted by the Company in 2018.

5. 64,000 Shares were issued and allotted to Mr. Jung on 21 January 2019 pursuant to the Share Award Scheme adopted by the Company in 2018.

6. 64,000 Shares were issued and allotted to Mr. Mak on 21 January 2019 pursuant to the Share Award Scheme adopted by the Company in 2018.

7. 176,000 Shares were issued and allotted to Ms. Leung and 344,000 underlying Shares have been conditionally awarded to Ms. Leung and to be issued under two tranches in 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 30 June 2019, none of the Directors and chief executive of the Company had any interests and short positions in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) or (ii) which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO or (iii) which were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2019, 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	Beneficial owner	130,296,000	26.92%
Leader Speed Limited	Beneficial owner	74,988,000	15.49%
Orange Blossom International Limited	Beneficial owner	117,188,000	24.21%
Ms. Law Wai Yee *(Note 1)*	Interest of spouse	130,812,000	27.03%
Ms. Chan Pik Shan *(Note 2)*	Interest of spouse	134,264,000	27.74%
Ms. Wong Soo Fung *(Note 3)*	Interest of spouse	80,708,000	16.68%
Ms. Hui Pui Shan *(Note 4)*	Interest of spouse	64,000	0.01%
Ms. Chan Ka Man *(Note 5)*	Interest of spouse	64,000	0.01%
Ms. Wong Shuk Ling, Janine *(Note 6)*	Interest of spouse	64,000	0.01%

Notes:

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

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

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

4. Ms. Hui Pui Shan is the spouse of Mr. How and is deemed, or taken to be, interested in Shares in which Mr. How has interest under the SFO.

5. Ms. Chan Ka Man is the spouse of Mr. Jung and is deemed, or taken to be, interested in Shares in which Mr. Jung has interest under the SFO.

6. Ms. Wong Shuk Ling, Janine is the spouse of Mr. Mak and is deemed, or taken to be, interested in Shares in which Mr. Mak has interest under the SFO.

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

Save as disclosed herein, the Company has not been notified of any other person (other than a Director or a chief executive of the Company) who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 June 2019.

SHARE INCENTIVE SCHEME

Award Shares to Directors

As stated in note 13 of this announcement, the Company had on the Award Date conditionally awarded Award Shares to the following Directors subject to the vesting conditions as set out below:

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

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in this announcement, at no time during the six months ended 30 June 2019 was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance, to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of 30 June 2019 or at any time during the six months ended 30 June 2019.

COMPETING INTEREST

For the six months ended 30 June 2019, the Directors were not aware of any business or interest of the Directors, the Controlling shareholders, the management shareholders and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest.

CORPORATE GOVERNANCE

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

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

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

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, the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated to the Audit Committee the responsibility for the initial establishment and the maintenance of a framework of internal controls, risk management and ethical standards for the Group's management. The Audit Committee currently comprises three Independent Non-executive Directors, namely Mr. How Sze Ming, Mr. Mak Tung Sang and Mr. Jung Chi Pan Peter. Mr. How Sze Ming is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2019.

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

Hong Kong, 29 August 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.