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 2019

The Board of Directors (the "**Board**") of World-Link Logistics (Asia) Holding Limited (the "**Company**" and its subsidiaries collectively the "**Group**") is pleased to announce that the consolidated financial results of the Group for the year ended 31 December 2019, together with the comparative figures for the year ended 31 December 2018. 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 2019

	NOTES	**2019** ***HK$'000***	2018 *HK$'000* *(Note)*
Revenue	*3*	**197,153**	155,210
Other net gain and net income		**2,091**	504
Employee benefits expenses		**(57,292)**	(52,652)
Depreciation of property, plant and equipment and right-of-use assets		**(40,156)**	(3,898)
Sub-contracting expenses		**(35,763)**	(28,043)
Operating lease rentals in respect of rented premises		**(10,478)**	(42,241)
Operating lease rentals in respect of plant, machinery and equipment		**(774)**	(1,053)
Cost of sales recognised		**(11,922)**	(257)
Other expenses		**(14,251)**	(13,433)
Profit from operations		**28,608**	14,137
Finance costs-interest on lease liabilities		**(2,340)**	–
Profit before taxation		**26,268**	14,137
Income tax expense	*5*	**(3,753)**	(3,029)
Profit and total comprehensive income for the year		**22,515**	11,108
Earnings per share *(HK cents)*	*6*		
Basic		**4.61**	2.31
Diluted		**4.54**	2.26

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(b).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	NOTES	2019 HK$'000	2018 HK$'000 (Note)
Non-current assets			
Property, plant and equipment		**11,210**	7,211
Right-of-use assets		**64,382**	–
Interest in an associate		**175**	–
Rental deposits		**7,006**	5,582
Deferred tax assets		**1,532**	905
Prepayments for property, plant and equipment		**–**	500
		84,305	14,198
Current assets			
Inventories – finished goods		**6,518**	34
Trade and other receivables and contract assets	7	**65,759**	47,551
Rental deposits		**1,017**	1,422
Tax recoverable		**–**	1,706
Short-term bank deposit with original maturity over three months		**–**	13,000
Bank balances and cash		**47,668**	32,921
		120,962	96,634
Current liabilities			
Trade and other payables and accrued expenses	8	**17,553**	8,235
Tax payable		**2,674**	–
Dividend payable		**7,411**	9,600
Lease liabilities		**39,789**	–
		67,427	17,835
Net current assets		**53,535**	78,799
Total assets less current liabilities		**137,840**	92,997
Non-current liabilities			
Lease liabilities		**27,287**	–
Provisions		**1,423**	717
		28,710	717
NET ASSETS		**109,130**	92,280
CAPITAL AND RESERVES			
Share capital	9	**4,941**	4,800
Reserves		**104,189**	87,480
TOTAL EQUITY		**109,130**	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(b).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Notes	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Capital reserve HK$'000	Retained profits HK$'000 (Note)	Total HK$'000
At 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		–	–	–	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
Impact on initial application of HKFRS 16	*2(b)*	–	–	–	–	(3,320)	(3,320)
At 1 January 2019		4,800	49,350	10	2,940	31,860	88,960
Changes in equity for the year ended 31 December 2019:							
Profit and total comprehensive income for the year		–	–	–	–	22,515	22,515
Recognition of equity-settled share-based payment		–	–	–	1,061	–	1,061
Issue of ordinary shares in relation to award of new shares		40	3,897	–	(1,937)	–	2,000
Shares issued on acquisition of a subsidiary		101	6,744	–	–	–	6,845
Dividend approved in respect of previous year	*10*	–	–	–	–	(4,840)	(4,840)
Dividend declared in respect of the current year	*10*	–	–	–	–	(7,411)	(7,411)
At 31 December 2019		4,941	59,991	10	2,064	42,124	109,130

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(b).

NOTES TO THE ANNOUNCEMENT

For the year ended 31 December 2019

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 27 July 2015 and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of the registered office and the principal place of business of the Company are disclosed in the section "Corporate Information" in the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company.

The Company acts as an investment holding company. The Company and its subsidiaries (the "**Group**") are principally engaged in the integrated logistics service, packing services and general trading.

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 2019, 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.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

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 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 has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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:

(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) Lease accounting and transitional impact

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 which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

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 3.67%.

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 11 as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019 *HK$'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 consolidated statement of financial position.

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

	Carrying amount at 31 December 2018 *HK$'000*	Impacts on adoption of HKFRS 16 *HK$'000*	**Carrying amount at 1 January 2019** ***HK$'000***
Right-of-use assets	–	72,899	**72,899**
Total non-current assets	14,198	72,899	**87,097**
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**
Reserves	87,480	(3,320)	**84,160**
Retained profits	35,180	(3,320)	**31,860**

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 31 December 2019 ***HK$'000***	**At 1 January 2019** ***HK$'000***
Properties leased for own use, carried at depreciated cost	**64,382**	**72,899**

(c) 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 consolidated statement of profit or loss and other comprehensive income, as compared to the results if HKAS 17 had been applied during the year.

In the consolidated statement of cash flows, 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 statement of cash flows.

The following tables may give an indication of the estimated impact of adoption of HKFRS 16 on the Group's financial result for the year ended 31 December 2019, by adjusting the amounts reported under HKFRS 16 in the 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 (C)**	**Hypothetical amounts for 2019 as if under HKAS 17 (D=A+B-C)**	Compared to amounts reported for 2018 under HKAS 17
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*
Financial result for the year ended 31 December 2019 impacted by the adoption of HKFRS 16:					
Profit from operations	**28,608**	**34,709**	**(37,733)**	**25,584**	14,137
Finance costs – interest on lease liabilities	**(2,340)**	**2,340**	**–**	**–**	–
Profit before taxation	**26,268**	**37,049**	**(37,733)**	**25,584**	14,137
Profit for the year	**22,515**	**37,049**	**(37,733)**	**21,831**	11,108

	2019			2018
	Amounts reported under HKFRS 16 (A)	**Estimated amounts related to operating lease as if under HKAS 17 (Notes 1 &2) (B)**	**Hypothetical amounts for 2019 as if under HKAS 17 (C=A+B)**	Compared to amounts reported for 2018 under HKAS17
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*
Line items in the statement of cash flows for the year ended 31 December 2019 impacted by the adoption of HKFRS 16:				
Cash generated from operations	**57,628**	**(37,733)**	**19,895**	21,318
Net cash generated from operating activities	**57,628**	**(37,733)**	**19,895**	14,863
Capital element of lease rentals paid	**(35,393)**	**35,393**	**–**	–
Interest element of lease rentals paid	**(2,340)**	**2,340**	**–**	–
Net cash used in financing activities	**(50,173)**	**37,733**	**(12,440)**	(21,600)

Note 1: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in 2019. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in 2019. Any potential net tax effect is ignored.

Note 2: In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if HKAS 17 still applied.

3. REVENUE

	2019	2018
	HK$'000	*HK$'000*
Warehousing services income	**91,488**	73,282
Transportation services income	**46,108**	37,720
Customisation services income	**34,052**	33,759
Value-added services income	**11,993**	10,070
Sale of goods	**13,512**	379
	197,153	155,210

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) general trading. 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 2019

	Logistics solutions business *HK$'000*	Customisation services *HK$'000*	General trading *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Disaggregated by timing of revenue recognition						
Point in time	116,597	34,052	13,512	164,161	–	164,161
Overtime	32,992	–	–	32,992	–	32,992
Revenue						
Revenue from external customers	149,589	34,052	13,512	197,153	–	197,153
Inter-segment revenue	6,600	–	–	6,600	(6,600)	–
	156,189	34,052	13,512	203,753	(6,600)	197,153
Results						
Segment results	25,396	3,626	(1,161)			27,861
Unallocated corporate income						46
Unallocated corporate expenses						(1,639)
Profit before taxation						26,268

For the year ended 31 December 2018

	Logistics solutions business *HK$'000*	Customisation services *HK$'000*	General trading *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Total *HK$'000* *(Note)*
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

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(b).

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 2019

	Logistics solutions business *HK$'000*	**Customisation services** *HK$'000*	**General trading** *HK$'000*	**Segment total** *HK$'000*
Additions to property, plant and equipment	**7,789**	**152**	**1,568**	**9,509**
Additions to right-of-use assets *(Note)*	**24,131**	**–**	**2,061**	**26,192**
Depreciation of property, plant and equipment included in the measure of segment results	**5,007**	**125**	**315**	**5,447**
Depreciation of right-of-use assets included in the measure of segment results	**34,330**	**–**	**379**	**34,709**
Loss on disposal of property, plant and equipment included in the measure of segment results	**63**	**–**	**–**	**63**

For the year ended 31 December 2018

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

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(b).

Geographical information

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

	Revenue from external customers		**Specified non-current assets**	
	2019 *HK$'000*	2018 *HK$'000*	**2019** *HK$'000*	2018 *HK$'000* *(Note)*
Hong Kong	**183,646**	155,210	**72,832**	7,211
Macau	**13,507**	–	**2,935**	–
	197,153	155,210	**75,767**	7,211

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(b).

Information about major customers

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

	2019	2018
	HK$'000	*HK$'000*
Customer A	**24,367**	23,819
Customer B	**77,308**	77,511
Customer C	**38,489**	30,422

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

5. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Current Tax – Hong Kong Profits Tax		
Provision for the year	**4,432**	3,284
Over-provision in respect of prior years	**(52)**	(35)
	4,380	3,249
Deferred tax		
Origination of temporary differences	**(627)**	(220)
	3,753	3,029

The provision for Hong Kong Profits Tax for 2019 is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits for the year, taking into account a reduction granted by the Hong Kong SAR Government of 75% of the tax payable for the year of assessment 2018-19, subject to a maximum reduction of HK$20,000 for each business (2018: a maximum reduction of HK$30,000 was granted for the year of assessment 2017-18 and was taken into account in calculating the provision for 2018). A subsidiary of the Group is eligible for 8.25% tax band of the first HK$2,000,000 under the two-tiered tax regime introduced by the Hong Kong SAR Govemment in 2019. No provision for tax has been made for an overseas subsidiary as tax losses were incurred for 2019.

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$22,515,000 (2018: HK$11,108,000) and the weighted average of 488,028,000 ordinary shares (2018: 480,000,000) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2019	2018
	'000	*'000*
Weighted average number of ordinary shares used in calculating basic earnings per share	**488,028**	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$22,515,000 (2018: HK$11,108,000) and the weighted average of number share of ordinary shares of 496,247,000 shares (2018: 491,408,000) shares, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2019	2018
	'000	*'000*
Weighted average number of ordinary shares used in calculating basic earnings per share	**488,028**	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	**8,219**	11,408
Weighted average number of ordinary shares used in calculating diluted earnings per share	**496,247**	491,408

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.

	2019	2018
	HK$'000	*HK$'000*
0 - 30 days	**20,195**	18,172
31 - 60 days	**22,625**	14,105
61 - 90 days	**14,036**	9,993
Over 90 days	**6,405**	2,244
	63,261	44,514

8. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**9,060**	2,620
Accrued employees benefits	**4,456**	3,118
Provision for long service payments	**202**	193
Accrued expenses	**2,582**	1,863
Other payables	**1,253**	441
	17,553	8,235

All of the trade and other payables and accrued expenses are expected to be settled within one year or are payable on demand. As at 31 December 2019, the ageing analysis of trade payables based on invoice date, is as follows:

	2019	2018
	HK$'000	*HK$'000*
0 - 30 days	**7,047**	2,620
31 - 60 days	**1,560**	–
61 - 90 days	**41**	–
Over 90 days	**412**	–
	9,060	2,620

9. SHARE CAPITAL

	2019		2018	
	Number of shares	***HK$***	Number of shares	*HK$*
Issued and fully paid:				
At 31 December	**494,067,114**	**4,940,671**	480,000,000	4,800,000
		HK$'000		*HK$'000*
Shown in the consolidated statement of financial position		**4,941**		4,800

10. DIVIDEND

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

	2019	2018
	HK$'000	*HK$'000*
Final dividend proposed after the end of the reporting period of 1.0 HK cent per ordinary share (2018: 1.0 HK cent per ordinary share)	**4,981**	4,840
Special dividend declared of 1.5 HK cents per ordinary share (2018: 2.0 HK cents per ordinary share)	**7,411**	9,600
	12,392	14,440

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/or paid during the year

	2019	2018
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of 1.0 HK cent per ordinary share (2018: 1.0 HK cent per ordinary share)	**4,840**	4,800
Special dividend in respect of the previous financial year approved and paid during the year, of Nil HK cent per ordinary share (2018: 3.5 HK cents per ordinary share)	**–**	16,800
Special dividend in respect of the previous financial year paid during the year, of 2.0 HK cents per ordinary share (2018: Nil HK cent per ordinary share)	**9,600**	–
	14,440	21,600

11. COMMITMENTS

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

	2018
	HK$'000
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 industrial buildings, office properties, machinery and equipment 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(b)). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the statement of financial position.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Board is pleased to announce that in 2019, there is a substantial growth in the Group's profit despite the flat growth rate in the retail sales of commodities in the supermarket sector. This flat growth rate has adversely affected our business in the personal care sector of the fast moving consumer goods ("**FMCG**") segment which is one of our focus.

According to the Report entitled "Report on Monthly Survey of Retail Sales" for December 2019 released by the Census and Statistics Department, the Government of the Hong Kong Special Administrative Region, the value of total retail sales decreased by 11.1% in value over that of 2018 as a whole. 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 2019 increased by 0.7% when compared with that for 2018. The flat growth rate reflected the difficult environment for the personal care sector of the FMCG segment of the Group. Though facing such difficult environment, with the Group's effort in attracting new customers and expanding its business with existing customers, the Group's new business growth is 56.7% when compared with that in 2018. We have also achieved 20.8% organic growth. The new business growth is contributed by the revenue derived from a newly acquired company (Please refer to our announcements dated 31 May 2019, 3 June 2019 and 31 July 2019 and the last paragraph on page 19 for details of the acquisition) and other new customers which will be mentioned further in the following paragraph. The Group has laid a solid investment foundation in 2018. The sharp increase in revenue in 2019 showed the result of this solid investment foundation.

Achievement in 2019

The Group continued its strategy to expand the food sector under the FMCG segment. In the beginning of 2019, the Group has started to provide total supply chain services to a new customer which is a multinational pet health nutrition manufacturer (the "**New Pet Health Nutrition Customer**"). This customer is the industry leader in the pet health nutrition industry. In the second half of the year, the Group has started to provide services to an existing customer (which is a world's leading manufacturer of confectionery with headquarters in the United States) in respect of an extra brand of goods which are chewing gum and mints. These two customers helped the Group to expand its business in the food sector under the FMCG segment. The revenue of the food sector under the FMCG segment increased by 89.1% in 2019 when compared with that in 2018.

In addition to providing business to business ("**B2B**") services, the Group has started to provide business to customers ("**B2C**") services i.e. home delivery services. During the year, the Group has started to provide home delivery services for a coffee capsule company which headquartered in Switzerland. The Group has in the past specialized in providing total supply chain service to business customers, home delivery is a new area for the Group. This marked a milestone for the Group to expand from B2B services to B2C services as well.

The Group will never forget the cold chain business segment. During the third quarter of 2019, the Group has successfully recruited another well-known chain restaurant company in Hong Kong and started to provide it with our cold chain solution services. The Group's cold chain solution services covered various types of restaurants which include Taiwanese restaurants, Vietnamese restaurants, Chinese restaurants, cha chaan tengs (茶餐廳) and fast food restaurants. The Group provides cold chain logistics services covering all over Hong Kong 7 days per week from 9:00 am to 21:00 pm. The management is confident that the cold chain business segment will remain a strong growth component of the Group in 2020. The Group will continue to improve the quality of our services in order to expand the Group's business and customer base.

To be successful in the logistics industry, we never compromise our quality. 2018 is a tough year for us. We are glad that our customers continue to appreciate our high quality service in 2019. Customers and ISO auditor provided good comments to the Company during 2019. In the April 2019 assessment, the New Pet Health Nutrition Customer praised us for our reliable and efficient traceability system and accurate picking mechanism. An existing customer which is a multinational family-owned manufacturer of confectionery and pet care brands had positive observations and made good comments during the December 2019 audit. This customer emphasized that we managed to provide comprehensive information on the Group's food management safety system. In the ISO 9001 Certification Audit which was conducted in August 2019, the auditor concluded that we have demonstrated the ability of the food management safety system in systematically achieving the agreed requirements for products or services within the scope and the Group's policy and objectives.

The Group has diversified into general trading business and has established a presence in Macau by acquiring a new company during the year. The newly acquired company engages mainly in general trading which includes wholesale and trading of daily necessities and medicine in Macau (the "**Newly Acquired Company**"). For details, please refer to our announcements dated 31 May 2019, 3 June 2019 and 31 July 2019 in relation to the acquisition of a target company, (the "**Announcements**"). The Group will continue to expand this general trading business in 2020 and to diversify the logistics business to general trading segment as well. The Newly Acquired Company has helped the Group to carry out trading business in both Hong Kong and Macau. It is a strategic move.

The enhancement in the profit margin showed our success in the application of technology in cost control. The profit margin has increased from 7.2% for the year ended 31 December 2018 to 11.4% for the year ended 31 December 2019. The use of technology helped the Company to cut down cost and improve accuracy and efficiency as a whole. For example, the use of barcode scanners help to improve picking efficiency, reduce manual errors and solve the problem of labour shortage.

Outlook

With the outbreak of the COVID-19 epidemic, it is expected that the operating results for 2020 will be adversely affected, though we are not yet able to reasonably quantify the potential magnitude of such impact on our financial performance at the time of this results announcement. However, management is confident in the service level and team spirit of the Group in maintaining and getting new customers. With the high quality service level and experienced team, management is confident that we will be able to continue to provide the best services and support to our customers during this difficult time. The Group will also strive its best endeavours to obtain new business and to diversify its portfolio to maintain a stable return to the shareholders.

Financial Review

Revenue

The revenue of the Group increased by approximately 27.0% from approximately HK$155.2 million for the year ended 31 December 2018 to approximately HK$197.2 million for the year ended 31 December 2019. The increase in revenue was mainly attributable to the commencement of business relationship with a new customer which is one of the pet health nutrition industry leader and the expansion of services to an extra brand of an existing customer which is a multinational manufacturer of chewing gum and mints.

Other net gain and net income

Other net gain and net income comprised bank interest income and other miscellaneous income. Other net gain and net income amounted to HK$0.5 million and HK$2.1 million for the year ended 31 December 2018 and the year ended 31 December 2019 respectively. The increment is due to the bargain purchase of HK$1.5 million in the acquisition of the Newly Acquired Company in 2019. For details, please refer to our announcements dated 31 May 2019, 3 June 2019 and 31 July 2019.

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$57.3 million for the year ended 31 December 2019 (2018: HK$52.7 million). The increment is mainly due to the larger bonus payment in order to motivate staff and salaries expenses for the staff of the Newly Acquired Company. Our Group had a total of 253 and 223 full-time employees as at 31 December 2018 and 31 December 2019 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 years ended 31 December 2018 and 2019, other expenses amounted to approximately HK$13.4 million and HK$14.3 million respectively. The increment is due to the other expenses incurred by the Newly Acquired Company during the year.

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 2019. The Hong Kong SAR Government granted reduction for profits tax for the year of assessment 2018-2019. Please refer to Note 5 to this announcement for details.

Profit and total comprehensive income for the year ended 31 December 2019

The Group recorded a net profit of approximately HK$22.5 million for the year ended 31 December 2019, representing an increment of approximately 102.7% when compared to that for the year ended 31 December 2018. The substantial increase in net profit is mainly due to (i) the revenue derived from the New Pet Health Nutrition Customer; (ii) the provision of services to an existing customer (which is a world's leading manufacturer of confectionery with headquarters in the United States) in respect of a new brand of goods which are chewing gum and mints; (iii) the provision of cold chain logistics services to a well-known chain restaurant company in Hong Kong; (iv) the provision of home delivery services for a coffee capsule company which is headquartered in Switzerland; and (v) the one-off effect to our other income of a bargain purchase from the acquisition of the Newly Acquired Company.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operation and investments are financed principally by cash generated from its business operations. As at 31 December 2019, the Group had net current assets of approximately HK$53.5 million (2018: approximately HK$78.8 million), cash and cash equivalents of approximately HK$47.7 million as at 31 December 2019 (2018: cash and cash equivalents of approximately HK$32.9 million and short-term bank deposit with original maturity over three months of 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 31 December 2019, 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 (2018: Nil).

FOREIGN CURRENCY RISK

The Group's business activities are in Hong Kong and Macau and are denominated in Hong Kong dollars and Macau Patacas (MOP). 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 2019, the Group did not have material capital commitments (2018: 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 2019 as set out in preliminary announcement have been compared 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

On 17 December 2019, the Board declared a special dividend of HK1.5 cents per share of the Company, amounting to approximately HK$7,411,007 in total (the "**Special Dividend**"). The Special Dividend has been paid on Wednesday, 22 January 2020 to the shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 8 January 2020.

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 (2018: HK1.0 cent) per share amounting to HK$4,980,671 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 Wednesday, 15 July 2020 to the shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 24 June 2020, 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 2019, the register of members of the Company will be closed from Monday, 22 June 2020 to Wednesday, 24 June 2020, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 19 June 2020.

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 2019, the Group has no bank borrowings (2018: Nil). The subsidiaries within the Group have banking facilities of HK$45.0 million which are guaranteed by the Company (2018: HK$45.0 million). The Group has no material contingent liabilities as at 31 December 2019.

MATERIAL ACQUISITIONS AND DISPOSAL

Reference is made to the Announcements of the Company dated 31 May 2019, 3 June 2019 and 31 July 2019, the Company completed the discloseable transaction and acquired a new company during the year. The newly acquired company engages mainly in general trading which includes wholesale and trading of daily necessities and medicine in Macau. For details, please refer to the Announcements and the last paragraph on page 19.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group employed 223 (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.

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 2019.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31 December 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 Executive	Capacity	Number of shares held/interested: Personal interests	Number of shares held/interested: 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, 2)*	Interest in a controlled corporation; beneficial owner	12,296,000	80,932,000	2,272,000	95,500,000	19.33%
Mr. Lee Kam Hung *(Note 1, 3)*	Interest in a controlled corporation; beneficial owner	1,696,000	143,796,000	2,272,000	147,764,000	29.91%
Mr. Luk Yau Chi Desmond *(Note 1, 4)*	Interest in a controlled corporation; beneficial owner	3,580,000	76,060,000	2,272,000	81,912,000	16.58%
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%
Ms. Leung Ho Yee *(Note 8)*	Beneficial owner	176,000	–	344,000	520,000	0.11%

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. 95,500,000 Shares in which Mr. Yeung is interested consist of (i) 80,932,000 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) 12,296,000 Shares are 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. The first tranche of Award Shares of 1,072,000 Shares were issued and allotted to Mr. Yeung in 2019.

3. 147,764,000 Shares in which Mr. Lee is interested consist of (i) 143,796,000 Shares held by Best Matrix Global Limited, a company wholly owned by Mr. Lee, in which Mr. Lee is deemed to be interested under the SFO, (ii) 1,696,000 Shares are 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. The first tranche of Award Shares of 1,072,000 Shares were issued and allotted to Mr. Lee in 2019.

4. 81,912,000 Shares in which Mr. Luk is interested consist of (i) 76,060,000 Shares held by Leader Speed Limited, a company wholly owned by Mr. Luk, in which Mr. Luk is deemed to be interested under the SFO, (ii) 3,580,000 Shares are 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. The first tranche of Award Shares of 1,072,000 Shares were issued and allotted to Mr. Luk in 2019.

5. 64,000 Shares have been awarded to Mr. How in 2019 pursuant to the Share Award Scheme adopted by the Company in 2018.

6. 64,000 Shares have been awarded to Mr. Jung in 2019 pursuant to the Share Award Scheme adopted by the Company in 2018.

7. 64,000 Shares have been awarded to Mr. Mak in 2019 pursuant to the Share Award Scheme adopted by the Company in 2018.

8. 176,000 Shares have been awarded to Ms. Leung in 2019 pursuant to the Share Award Scheme adopted by the Company in 2018. 344,000 underlying Shares have been conditionally awarded to Ms. Leung 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.

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 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 31 December 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/ interested	Percentage of Company's issued share capital
Best Matrix Global Limited *(Note 1)*	Beneficial owner	143,796,000	29.10%
Leader Speed Limited *(Note 1)*	Beneficial owner	76,060,000	15.39%
Orange Blossom International Limited *(Note 1)*	Beneficial owner	80,932,000	16.38%
Ms. Law Wai Yee *(Note 2)*	Interest of spouse	95,500,000	19.33%
Ms. Chan Pik Shan *(Note 3)*	Interest of spouse	147,764,000	29.91%
Ms. Wong Soo Fung *(Note 4)*	Interest of spouse	81,912,000	16.58%
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 2019.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 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 2019 or at any time during the year ended 31 December 2019.

COMPETING INTEREST

For the year ended 31 December 2019, 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 20 January 2020, the Company has conditionally award an aggregate of 4,000,000 Award Shares to 10 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 three Connected Selected Individuals who are the 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 Return published by the Company on 20 January 2020 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 2019 are set out in the 2019 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 of the Board 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 2019.

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

Hong Kong, 23 March 2020

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.