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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020, together with the comparative figures for the year ended 31 December 2019. 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 2020

	NOTES	2020 HK\$'000	2019 HK\$'000
Revenue	3	212,262	197,153
Other net income		11,790	2,091
Employee benefits expenses		(58,303)	(57,292)
Depreciation of property, plant and equipment and right-of-use assets		(49,144)	(40,156)
Sub-contracting expenses		(40,510)	(35,763)
Operating lease rentals in respect of rented premises		(3,121)	(10,478)
Operating lease rentals in respect of plant, machinery and equipment		(994)	(774)
Cost of sales recognised		(30,842)	(11,922)
Other expenses		(16,185)	(14,251)
Profit from operations		24,953	28,608
Share of losses of an associate		(11)	–
Finance costs		(1,407)	(2,340)
Profit before taxation		23,535	26,268
Income tax expense	5	(2,620)	(3,753)
Profit for the year		20,915	22,515
Attributable to:			
Equity shareholders of the Company		20,578	22,515
Non-controlling interests		337	–
Profit for the year		20,915	22,515
Earnings per share (HK cents)			
Basic	6	4.13	4.61
Diluted		4.10	4.54

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	NOTES	2020 HK\$'000	2019 HK\$'000
Non-current assets			
Property, plant and equipment		8,340	11,210
Right-of-use assets		28,445	64,382
Interest in an associate		–	175
Rental deposits		1,090	7,006
Deferred tax assets		1,739	1,532
		<u>39,614</u>	<u>84,305</u>
Current assets			
Inventories – finished goods		13,934	6,518
Trade and other receivables and contract assets	7	57,861	65,759
Rental deposits		6,653	1,017
Tax recoverable		657	–
Bank balances and cash		61,976	47,668
		<u>141,081</u>	<u>120,962</u>
Current liabilities			
Trade and other payables and accrued expenses	8	15,272	17,553
Tax payable		177	2,674
Lease liabilities		27,331	39,789
Amounts due to non-controlling interests		1,241	–
Dividend payable		12,452	7,411
Bank borrowings		4,500	–
		<u>60,973</u>	<u>67,427</u>
Net current assets		<u>80,108</u>	<u>53,535</u>
Total assets less current liabilities		<u>119,722</u>	<u>137,840</u>
Non-current liabilities			
Provisions		2,136	1,423
Lease liabilities		2,487	27,287
		<u>4,623</u>	<u>28,710</u>
NET ASSETS		<u>115,099</u>	<u>109,130</u>
CAPITAL AND RESERVES			
Share capital	9	4,981	4,941
Reserves		109,552	104,189
Total equity attributable to equity shareholders of the Company		<u>114,533</u>	<u>109,130</u>
Non-controlling interests		566	–
TOTAL EQUITY		<u>115,099</u>	<u>109,130</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Capital reserve	Retained profits	Total		
NOTES	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2019	4,800	49,350	10	2,940	31,860	88,960	–	88,960
Changes in equity for the year ended 31 December 2019:								
Profit and total comprehensive income for the year	–	–	–	–	22,515	22,515	–	22,515
Recognition of equity-settled share-based payment	–	–	–	1,061	–	1,061	–	1,061
Issue of ordinary shares in relation to award of new shares	40	3,897	–	(1,937)	–	2,000	–	2,000
Shares issued on acquisition of a subsidiary	101	6,744	–	–	–	6,845	–	6,845
Dividend approved in respect of previous year	10	–	–	–	(4,840)	(4,840)	–	(4,840)
Dividend declared in respect of the current year	10	–	–	–	(7,411)	(7,411)	–	(7,411)
At 31 December 2019 and 1 January 2020	<u>4,941</u>	<u>59,991</u>	<u>10</u>	<u>2,064</u>	<u>42,124</u>	<u>109,130</u>	<u>–</u>	<u>109,130</u>
Changes in equity for the year ended 31 December 2020:								
Profit and total comprehensive income for the year	–	–	–	–	20,578	20,578	337	20,915
Recognition of equity-settled share-based payment	–	–	–	258	–	258	–	258
Issue of ordinary shares in relation to award of new shares	40	3,326	–	(1,366)	–	2,000	–	2,000
Acquisition of a non-wholly owned subsidiary	–	–	–	–	–	–	229	229
Dividend approved in respect of previous year	10	–	–	–	(4,981)	(4,981)	–	(4,981)
Dividend declared in respect of the current year	10	–	–	–	(12,452)	(12,452)	–	(12,452)
At 31 December 2020	<u>4,981</u>	<u>63,317</u>	<u>10</u>	<u>956</u>	<u>45,269</u>	<u>114,533</u>	<u>566</u>	<u>115,099</u>

NOTES TO THE ANNOUNCEMENT

For the year ended 31 December 2020

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 distribution business.

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 2020, 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 “**Listing Rules**”).

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 certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Except for the amendments to HKFRS 16, *Lease, Covid-19-Related Rent Concessions*, 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. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the amendment to HKFRS 16 is discussed below:

Amendment to HKFRS 16, Leases, Covid-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19-related rent concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 January 2020.

3. REVENUE

	2020	2019
	HK\$'000	HK\$'000
Warehousing services income	88,539	91,488
Transportation services income	50,806	46,108
Customisation services income	23,073	34,052
Value-added services income	11,922	11,993
Sale of goods	37,922	13,512
	<hr/> 212,262 <hr/>	<hr/> 197,153 <hr/>

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) distribution business. 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 2020

	Logistics solutions business <i>HK\$'000</i>	Customisation services <i>HK\$'000</i>	Distribution business <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>
Disaggregated by timing of revenue recognition						
Point in time	103,695	23,073	37,922	164,690	-	164,690
Overtime	47,572	-	-	47,572	-	47,572
Revenue						
Revenue from external customers	151,267	23,073	37,922	212,262	-	212,262
Inter-segment revenue	6,110	34	-	6,144	(6,144)	-
	<u>157,377</u>	<u>23,107</u>	<u>37,922</u>	<u>218,406</u>	<u>(6,144)</u>	<u>212,262</u>
Results						
Segment results	<u>21,492</u>	<u>2,843</u>	<u>319</u>			24,654
Unallocated corporate income						7
Unallocated corporate expenses						<u>(1,126)</u>
Profit before taxation						<u>23,535</u>

For the year ended 31 December 2019

	Logistics solutions business HK\$'000	Customisation services HK\$'000	Distribution business 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)	–
	<u>156,189</u>	<u>34,052</u>	<u>13,512</u>	<u>203,753</u>	<u>(6,600)</u>	<u>197,153</u>
Results						
Segment results	<u>25,396</u>	<u>3,626</u>	<u>(1,161)</u>			27,861
Unallocated corporate income						46
Unallocated corporate expenses						<u>(1,639)</u>
Profit before taxation						<u>26,268</u>

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 2020

	Logistics solutions business HK\$'000	Customisation services HK\$'000	Distribution business HK\$'000	Segment total HK\$'000
Additions to property, plant and equipment	3,456	90	173	3,719
Additions to right-of-use assets	6,267	–	351	6,618
Depreciation of property, plant and equipment included in the measure of segment results	5,679	143	767	6,589
Depreciation of right-of-use assets included in the measure of segment results	41,580	–	975	42,555

For the year ended 31 December 2019

	Logistics solutions business HK\$'000	Customisation services HK\$'000	Distribution business 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	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

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	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Hong Kong	186,066	183,646	35,503	72,832
Macau	26,196	13,507	1,282	2,935
	212,262	197,153	36,785	75,767

Information about major customers

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Customer A	N/A*	24,367
Customer B	67,116	77,308
Customer C	32,306	38,489
Customer D	<u>28,367</u>	<u>N/A*</u>

* Revenue from these customers are accounted for less than 10% of the Group's revenue during the corresponding years.

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

5. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current Tax – Hong Kong Profits Tax		
Provision for the year	2,818	4,432
Under/(over)-provision in respect of prior years	<u>9</u>	<u>(52)</u>
	2,827	4,380
Deferred tax		
Origination of temporary differences	<u>(207)</u>	<u>(627)</u>
	<u>2,620</u>	<u>3,753</u>

The provision for Hong Kong Profits Tax for 2020 is calculated at 16.5% (2019: 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 2019/20, subject to a maximum reduction of HK\$20,000 for each business (2019: a maximum reduction of HK\$20,000 was granted for the year of assessment 2018/19 and was taken into account in calculating the provision for 2019). A subsidiary of the Group is eligible for 8.25% tax band of the first HK\$2,000,000 under the two-tiered tax regime introduced by the Hong Kong SAR Government. No provision for tax (2019: nil) has been made for an overseas subsidiary as tax losses were incurred for 2020.

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\$20,578,000 (2019: HK\$22,515,000) and the weighted average of 497,859,000 ordinary shares (2019: 488,028,000) in issue during the year, determined as follows:

Weighted average number of ordinary shares

	2020 '000	2019 '000
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>497,859</u>	<u>488,028</u>

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$20,578,000 (2019: HK\$22,515,000) and the weighted average number of ordinary shares of 501,947,000 shares (2019: 496,247,000), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2020 '000	2019 '000
Weighted average number of ordinary shares used in calculating basic earnings per share	497,859	488,028
Effect of deemed issue of ordinary shares under the Company's share award scheme for a subscription price of 50 HK cents per share	<u>4,088</u>	<u>8,219</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>501,947</u>	<u>496,247</u>

7. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables, net of loss allowance	53,719	63,261
Prepayments	1,141	1,248
Contract assets	1,305	308
Deposits and other receivables	1,696	942
	<hr/> 57,861	<hr/> 65,759
	<hr/> 57,861	<hr/> 65,759

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

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	20,989	20,195
31 – 60 days	15,256	22,625
61 – 90 days	13,257	14,036
Over 90 days	4,217	6,405
	<hr/> 53,719	<hr/> 63,261
	<hr/> 53,719	<hr/> 63,261

8. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	5,706	9,060
Accrued employees benefits	4,091	4,456
Provision for long service payments	–	202
Accrued expenses	3,045	2,582
Other payables	2,430	1,253
	<u>15,272</u>	<u>17,553</u>

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 2020, the ageing analysis of trade payables based on invoice date, is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 - 30 days	5,538	7,047
31 - 60 days	46	1,560
61 - 90 days	11	41
Over 90 days	111	412
	<u>5,706</u>	<u>9,060</u>

9. SHARE CAPITAL

	2020		2019	
	Number of shares	<i>HK\$</i>	Number of shares	<i>HK\$</i>
Issued and fully paid:				
At 31 December	<u>498,067,114</u>	<u>4,980,671</u>	<u>494,067,114</u>	<u>4,940,671</u>
		<i>HK\$'000</i>		<i>HK\$'000</i>
Shown in the consolidated statement of financial position		<u>4,981</u>		<u>4,941</u>

10. DIVIDEND

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Final dividend proposed after the end of the reporting period of 1.0 HK cent per ordinary share (2019: 1.0 HK cent per ordinary share)	5,018	4,981
Special dividend declared of 2.5 HK cents per ordinary share (2019: 1.5 HK cents per ordinary share)	<u>12,452</u>	<u>7,411</u>
	<u>17,470</u>	<u>12,392</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of 1.0 HK cent per ordinary share (2019: 1.0 HK cent per ordinary share)	4,981	4,840
Special dividend in respect of the previous financial year paid during the year, of 1.5 HK cents per ordinary share (2019: 2.0 HK cents per ordinary share)	<u>7,411</u>	<u>9,600</u>
	<u>12,392</u>	<u>14,440</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is one of the well-established one-stop logistics service provider specializing in Fast Moving Consumer Goods and food and beverage. Our major customers are leading multi-national enterprises and our services are tailored for their unique needs. In addition, the Group has diversified into distribution business since we acquired a subsidiary in Macau in 2019 (the “**Macau Subsidiary**”).

During 2020, the external economic environment was not in good condition due to the outbreak of the COVID-19. According to the Report entitled “Report on Monthly Survey of Retail Sales” for December 2020 released by the Census and Statistics Department, the Government of the Hong Kong Special Administrative Region, the value of the total retail sales has provisionally been estimated to have reduced by 24.3% in value over that of 2019 as a whole. Nevertheless, the Group managed to achieve an increase in revenue even during the economic downturn in 2020 with the significant growth contributed by the distribution business. The management believed that the volume of distribution business will further increase in the coming years and will bring additional profit to the Group even the profit margin was lower compared to our other businesses.

The outbreak of the COVID-19 has adversely impacted the global economy, tourism and the consumption sentiment. To explore new markets and to enlarge the customer base, the Group has in 2019 built its presence in Macau by acquiring the Macau Subsidiary. In 2020, after our experience gained from Macau operation, we are glad to see the contribution from Macau and started to develop the distribution business in Hong Kong. After incorporating the distribution element to strengthen our supply chain management services, the Group is able to provide a chain of services which include storage, repacking and logistics management, as well as sales and marketing solution through our distribution network. We then managed to gain the business of a well-known international group which produces light products with headquarters in the Netherlands. The sales growth in 2020 has proved that our strategic move is effective and has diversified our business risk.

Achievement in 2020

As a result of the outbreak of the COVID-19 and the consequential imposition of quarantine, lockdown and travel restrictions in 2020, the demand for our services has significantly reduced which adversely affected our profit margin. Nevertheless, the Group has successfully maintained its profit margin close to 10% in 2020 due to our well established brand name, excellent service quality, built-up trust with major customers which are sizable international enterprises with higher resistant during the economic downturn, cost control and the support of the Government and the landlords.

The Group never forgets to upgrade itself to prepare for the competition and the digital world nowadays. The management believed that technology input and service quality are always our core competence to success in the future.

The Group has continued to enhance its IT system to improve its operating efficiency and effectiveness. In the last quarter of 2020, the Group has successfully upgraded its transportation management system (“**TMS**”) by adding a track and trace function. This TMS provides transparency of our logistic services. The customers can timely track and trace the status and records of the delivery of their goods, hence created additional value to our customers and strengthened the bonding among us.

The management believes that business to customers (“**B2C**”) business is one of the growth engines to the Group in the coming years. As such, the Group has implemented a new system to manage our online sales orders. This new system helps to reduce the time for processing sales orders and improve the accuracy and time record of our online sales order management. During 2020, more people have started to work from home and the demand for home delivery has boosted up. This new system enabled the Group to catch the opportunity to expand our home delivery services and to gain valuable experience for further growth in the e-commerce sector. Our income from the home delivery services has increased by more than 3 times during 2020.

The Group continues to monitor its service quality to ensure satisfaction of its customers. In 2020, the Group gained the official accreditation of the ISO 22000 (Food Safety Management System), the HACCP (Hazard Analysis and Critical Control Points) and the GMP (Good Manufacturing Practice) in addition to the earning of the accreditation of the ISO 9001 (Quality Management System) since 2015. The granting of these accreditations proved that our operation procedures which include warehousing and distribution of food are in line with the standards of the international food supply chain. We have also successfully consolidated these quality standards into a recognized comprehensive quality management system. All these accreditations and the quality management system helped to build up the confidence of our customers. We have in 2020 successfully attracted a new customer which sells baby food and healthy products.

In recent years, the Group has reduced and diversified its business risks by expanding in new business sectors which include cold chain business and B2C business. Since 2020, by adding to our logistics management services with the sales and marketing elements through our distribution network, the Group is in the process of transforming into a fourth party logistics service provider. In 2020, after absorbing the experience gained from the Macau Subsidiary, the Group started a distribution business in Hong Kong with its business partners to provide a full supply chain services to a customer which produces well-known lighting products. The percentage of revenue from the distribution business to the overall revenue has increased by 2.6 times in 2020 when compared to that in 2019. The management believes that this strategic move not only helped the Group to reduce and diversify its business risks, it also enabled the Group to provide the customers with a chain of services which include both inventory management as well as sales and marketing activities. This is a win-win situation for both the Group and the customers as the Group will have the synergy to chain up the logistics management and its distribution network while our customers will be able to reduce their cost and enjoyed our package services.

Geographically, the Group extended its presence in Macau in 2019 and has kicked off the project in Shenzhen Qianhai in 2020. These moves are the strategic development of the Group which formed a triangle network in Greater Bay Area. The management believes that these strategic movement will enable the Group to deliver a total solution to its customers in this area in the future.

The Group is in the process of reviewing its projects on hand for profit maximization. After obtaining certain official accreditations in 2020, the management believes that the Group will be able to attract new customers in different sectors with higher profit margin. Moreover, the management foresees that the income from the distribution business will have promising growth in the coming years when more and more customers are able to enjoy our full package service.

With our motto “Always Can Do”, the Group is committed to provide the best services and create value to its customers. The Group will continue to strive its best endeavours to attract new customers and to diversify its business in 2021 which is another difficult year to come.

Outlook

Looking ahead, the COVID-19 pandemic situation remains uncertain. However, we expect that the global economy will gradually recover in the near future with the availability of vaccines. In the short run, before the vaccines have proved to be effective, we will continue to take a cautious approach to manage our operation and look for opportunities to expand our business and market. The management will continue to make our best effort to maintain our existing customers and approach new customers. We believe that our high quality service and the experienced team will be able to continue to provide our customers with good quality services and create value for our customers during this difficult time.

The Group will continue to devote its effort in preventing the spreading of the COVID-19 in its premises and to ensure the health and safety of its employees and our customers. The Group will continue to optimize our services quality and IT systems to prepare ourselves when opportunities come once the COVID-19 is under control. We will implement more stringent cost control measures to further improve our cost efficiency. We believe that our strategic move as a 4PL services provider (i.e. an integrator that assembles the resources, capabilities and technologies of its own organization and other organizations to design, build and run comprehensive supply chain solutions executing the complete supply chain process, from start to finish, for the customer) will create additional value to our customers and enables us to attract new customers.

Financial Review

Revenue

The revenue of the Group increased by approximately 7.7% from approximately HK\$197.2 million for the year ended 31 December 2019 to approximately HK\$212.3 million for the year ended 31 December 2020. The increase in revenue was mainly attributable to the expansion and growth for the new distribution business since 2019.

Other net income

Other net income comprised bank interest income and other miscellaneous income. Other net income amounted to HK\$2.1 million and HK\$11.8 million for the year ended 31 December 2019 and the year ended 31 December 2020 respectively. The increment is mainly due to the receipt of Government grants of HK\$9.4 million in 2020.

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\$58.3 million for the year ended 31 December 2020 (2019: HK\$57.3 million). The increment is mainly due to the increase in the basic salary for the staff. Our Group had a total of 223 and 221 full-time employees as at 31 December 2019 and 31 December 2020 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, repairs and maintenance, consumables, entertainment, rates, office and store supplies. For the years ended 31 December 2019 and 2020, other expenses amounted to approximately HK\$14.3 million and HK\$16.2 million respectively. The increment is mainly due to the other expenses incurred by the new business and provision of loss allowance in trade receivables 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 2020. The Hong Kong SAR Government granted a reduction of profits tax for the year of assessment 2019-2020. Please refer to Note 5 to this announcement for details.

Profit and total comprehensive income for the year ended 31 December 2020

The Group recorded a net profit of approximately HK\$20.9 million for the year ended 31 December 2020, representing a decrease of approximately 7.1% when compared to that for the year ended 31 December 2019. The decrease in the net profit is mainly due to the combined effect of (i) the drop in warehousing and customization services income from customers while the fixed cost has not dropped in similar level; and (ii) the receipt of Government grants.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operation and investments are financed principally by cash generated from its business operations and bank borrowings. As at 31 December 2020, the Group had net current assets of approximately HK\$80.1 million (2019: approximately HK\$53.5 million), cash and cash equivalents and bank borrowings of approximately HK\$62.0 million (2019: HK\$47.7 million) and HK\$4.5 million (2019: Nil) as at 31 December 2020, respectively. The Directors have confirmed that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

GEARING RATIO

As at 31 December 2020, the gearing ratio (calculated on the basis of total bank borrowings divided by total assets at the end of the year) of the Group was 0.02 (2019: 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. 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 2020, the Group did not have material capital commitments (2019: 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 2020 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 27 November 2020, the Board declared a special dividend of HK2.5 cents per share of the Company, amounting to approximately HK\$12,452,000 in total (the “Special Dividend”). The Special Dividend has been paid on Monday, 4 January 2021 to the shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 16 December 2020.

The Board is pleased to announce that at the Board meeting held on 25 March 2021, resolutions have been passed to recommend the payment of a final dividend (the “Final Dividend”) of HK1.0 cent (2019: HK1.0 cent) per share amounting to approximately HK\$5,018,000 in aggregate.

The Final Dividend has been recommended by the Board and is subject to approval by the shareholders of the Company in the forthcoming Annual General Meeting. The Final Dividend (if approved by the shareholders in the forthcoming Annual General Meeting) will be paid in cash on or around Thursday, 15 July 2021 to the shareholders whose names appear on the register of members of the Company at the close of business on Monday, 28 June 2021, 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 2020, the register of members of the Company will be closed from Thursday, 24 June 2021 to Monday, 28 June 2021, 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 Wednesday, 23 June 2021.

CAPITAL STRUCTURE

The capital structure of the Group consists of equity attributable to the owners of the Company which comprise of issued share capital and reserves. The Directors will review the Group’s capital structure regularly. As part of this review, the Director will consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through payment of dividends, issuance of new shares as well as issue of new debts and redemption of existing debts.

CHARGE ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2020, the Group has bank borrowings of approximately HK\$4.5 million (2019: Nil). The subsidiaries within the Group have banking facilities of HK\$55.0 million, in which HK\$45.0 million (2019: HK\$45.0 million) and HK\$10.0 million (2019: Nil) are guaranteed by the Group and co-guaranteed by the Group and non-controlling interests, respectively.

The Group has no material contingent liabilities as at 31 December 2020 (2019: Nil).

MATERIAL ACQUISITIONS AND DISPOSAL

For the year ended 31 December 2020, the Group did not have material acquisitions and disposal.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group employed 221 (31 December 2019: 223) 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 2020.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31 December 2020, the Directors and their associates and chief executives had the following interests or short positions in shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”):

Interests in the Company

Name of Director and Chief Executive	Capacity	Number of shares held/ interested		Number of underlying shares pursuant to Award Shares	Total interests	Percentage of Company's issued share capital
		Personal interests	Other interests			
Mr. Yeung Kwong Fat (Note 1, 2)	Interest in a controlled corporation; beneficial owner	13,732,000	81,192,000	1,136,000	96,060,000	19.29%
Mr. Lee Kam Hung (Note 1, 3)	Interest in a controlled corporation; beneficial owner	2,832,000	143,796,000	1,136,000	147,764,000	29.67%
Mr. Luk Yau Chi Desmond (Note 1, 4)	Interest in a controlled corporation; beneficial owner	4,716,000	76,060,000	1,136,000	81,912,000	16.45%
Mr. How Sze Ming (Note 5)	Beneficial owner	64,000	–	–	64,000	0.01%
Mr. Jung Chi Pan Peter (Note 6)	Beneficial owner	64,000	–	–	64,000	0.01%
Mr. Mak Tung Sang (Note 7)	Beneficial owner	64,000	–	–	64,000	0.01%

Notes:

1. As Mr. Yeung, Mr. Lee and Mr. Luk no longer intend to be bound by the acting in concert arrangement with each other for the purpose of family wealth and estate planning regarding their respective interests in the Company, they have on 9 July 2018 entered into a deed of termination (the “**Termination Deed**”) to terminate the acting in concert arrangement under the Confirmatory Deed. Please refer to the announcement published by the Company on 9 July 2018 for details.
2. 96,060,000 Shares in which Mr. Yeung is interested consist of (i) 81,192,000 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) 13,732,000 Shares are directly held by Mr. Yeung and (iii) 1,136,000 underlying Shares which have been conditionally awarded to Mr. Yeung and to be issued and allotted under the third tranche in 2021 pursuant to the Share Award Scheme adopted by the Company in 2018. The first and second tranches of Award Shares of 1,072,000 and 1,136,000 Shares were issued and allotted to Mr. Yeung in 2019 and 2020, respectively.
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) 2,832,000 Shares are directly held by Mr. Lee and (iii) 1,136,000 underlying Shares which have been conditionally awarded to Mr. Lee and to be issued and allotted under the third tranche in 2021 pursuant to the Share Award Scheme adopted by the Company in 2018. The first and second tranches of Award Shares of 1,072,000 and 1,136,000 Shares were issued and allotted to Mr. Lee in 2019 and 2020, respectively.
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) 4,716,000 Shares are directly held by Mr. Luk and (iii) 1,136,000 underlying Shares which have been conditionally awarded to Mr. Luk and to be issued and allotted under the third tranche in 2021 pursuant to the Share Award Scheme adopted by the Company in 2018. The first and second tranches of Award Shares of 1,072,000 and 1,136,000 Shares were issued and allotted to Mr. Luk in 2019 and 2020, respectively.
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.

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 2020, none of the Directors and chief executives 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 2020, the following persons (other than Directors or Chief Executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity	Number of Shares/ underlying Shares held/ interested	Percentage of Company's issued share capital
Best Matrix Global Limited (Note 1)	Beneficial owner	143,796,000	28.87%
Leader Speed Limited (Note 1)	Beneficial owner	76,060,000	15.27%
Orange Blossom International Limited (Note 1)	Beneficial owner	81,192,000	16.30%
Ms. Law Wai Yee (Note 2)	Interest of spouse	96,060,000	19.29%
Ms. Chan Pik Shan (Note 3)	Interest of spouse	147,764,000	29.67%
Ms. Wong Soo Fung (Note 4)	Interest of spouse	81,912,000	16.45%
Ms. Hui Pui Shan (Note 5)	Interest of spouse	64,000	0.01%
Ms. Chan Ka Man (Note 6)	Interest of spouse	64,000	0.01%
Ms. Wong Shuk Ling Janine (Note 7)	Interest of spouse	64,000	0.01%

Notes:

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

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 2020.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2020 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 2020 or at any time during the year ended 31 December 2020.

COMPETING INTEREST

For the year ended 31 December 2020, 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 19 January 2021, the Group issued the third tranche of 3,776,000 Award Shares to 8 Selected individuals at the Subscription Price of 50 HK cents per Award Shares, 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 368,000 Independent Award Shares were awarded to five 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 19 January 2021 for details of the issue of new Shares.

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 2020 are set out in the 2020 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 2020.

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

Hong Kong, 25 March 2021

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.