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WORLD-LINK LOGISTICS (ASIA) HOLDING LIMITED

環宇物流(亞洲)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6083)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board of Directors (the “**Board**”) of World-Link Logistics (Asia) Holding Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2023 (the “**Period**”), together with the comparative figures for the corresponding period in 2022 as follows:

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

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	154,759	175,240
Other income		1,207	2,419
Employee benefits expenses		(27,933)	(29,554)
Depreciation of property, plant and equipment and right-of-use assets		(22,263)	(22,999)
Operating lease rentals in respect of rented premises		(352)	(1,734)
Sub-contracting expenses		(16,083)	(19,981)
Cost of products recognised		(70,456)	(77,320)
Operating lease rental in respect of plant, machinery and equipment		(258)	(839)
Other expenses	5	(7,435)	(10,482)
Profit from operations		11,186	14,750
Finance costs		(717)	(1,226)
Profit before taxation		10,469	13,524
Income tax expense	6	(1,428)	(2,206)
Profit and total comprehensive income for the period		9,041	11,318
Attributable to:			
Equity shareholders of the Company		9,031	10,338
Non-controlling interests		10	980
Profit and total comprehensive income for the period		9,041	11,318
Earnings per share (HK cents)	8		
Basic and diluted		1.80	2.06

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		30 June 2023	31 December 2022
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	6,333	7,146
Right-of-use assets	10	41,744	61,369
Rental deposits		7,015	7,056
Deferred tax assets		2,138	2,109
		<u>57,230</u>	<u>77,680</u>
Current assets			
Inventories – finished goods		24,538	14,979
Trade and other receivables and contract assets	11	67,496	67,526
Rental deposits		234	193
Bank balances and cash		42,524	54,149
		<u>134,792</u>	<u>136,847</u>
Current liabilities			
Trade and other payables and accrued expenses and contract liabilities	12	21,857	19,803
Tax payable		2,550	1,227
Lease liabilities		43,485	44,178
Amounts due to non-controlling interests		506	506
Dividend payable		5,018	15,056
Bank borrowings		2,000	2,000
		<u>75,416</u>	<u>82,770</u>

		30 June	31 December
		2023	2022
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Net current assets		<u>59,376</u>	<u>54,077</u>
Total assets less current liabilities		<u>116,606</u>	<u>131,757</u>
Non-current liabilities			
Reinstatement provisions		499	499
Long service payment obligation		1,820	1,903
Lease liabilities		<u>1,003</u>	<u>20,094</u>
		<u>3,322</u>	<u>22,496</u>
NET ASSETS		<u>113,284</u>	<u>109,261</u>
CAPITAL AND RESERVES			
Share capital	<i>13</i>	5,018	5,018
Reserves		<u>106,002</u>	<u>101,989</u>
Total equity attributable to equity shareholders of the Company		111,020	107,007
Non-controlling interest		<u>2,264</u>	<u>2,254</u>
TOTAL EQUITY		<u>113,284</u>	<u>109,261</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to the owners of the Company					Non- controlling interest	Total equity
	Share capital	Share premium	Merger reserve	Retained profits	Total		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>		
At 1 January 2022 (audited)	<u>5,018</u>	<u>66,139</u>	<u>10</u>	<u>45,465</u>	<u>116,632</u>	<u>1,297</u>	<u>117,929</u>
Profit and total comprehensive income for the period	-	-	-	10,338	10,338	980	11,318
Dividends	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,037)</u>	<u>(10,037)</u>	<u>-</u>	<u>(10,037)</u>
At 30 June 2022 (unaudited)	<u>5,018</u>	<u>66,139</u>	<u>10</u>	<u>45,766</u>	<u>116,933</u>	<u>2,277</u>	<u>119,210</u>
At 1 January 2023 (audited)	<u>5,018</u>	<u>66,139</u>	<u>10</u>	<u>35,840</u>	<u>107,007</u>	<u>2,254</u>	<u>109,261</u>
Profit and total comprehensive income for the period	-	-	-	9,031	9,031	10	9,041
Dividends	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,018)</u>	<u>(5,018)</u>	<u>-</u>	<u>(5,018)</u>
At 30 June 2023 (unaudited)	<u>5,018</u>	<u>66,139</u>	<u>10</u>	<u>39,853</u>	<u>111,020</u>	<u>2,264</u>	<u>113,284</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>25,673</u>	<u>40,209</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(787)	(699)
Interest received	<u>83</u>	<u>9</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(704)</u>	<u>(690)</u>
FINANCING ACTIVITIES		
Capital element of lease rentals paid	(20,821)	(19,194)
Interest element of lease rentals paid	(621)	(1,192)
Interest paid	(96)	(55)
Repayment of bank borrowings	–	(2,000)
Dividends paid	<u>(15,056)</u>	<u>(5,018)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(36,594)</u>	<u>(27,459)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(11,625)</u>	<u>12,060</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>54,149</u>	<u>39,298</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	<u>42,524</u>	<u>51,358</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. GENERAL INFORMATION

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

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

These unaudited condensed consolidated financial statements were authorised for issue on 28 August 2023.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

This interim results announcement has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out below.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim results announcement contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. These unaudited condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

HKFRS 17, *Insurance contracts*

Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

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

3. REVENUE

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Supply chain management service income	77,123	88,894
Full service distribution sales	<u>77,636</u>	<u>86,346</u>
	<u>154,759</u>	<u>175,240</u>

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"). The CODM reviews the revenue and results analysis of the Group on a regular basis by (i) supply chain management service business; and (ii) full service distribution business. No operating segments have been aggregated in arriving at the reportable segments of the Group. No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM.

Segment revenue and results

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

For the six months ended 30 June 2023

	Supply chain management service business <i>HK\$'000</i> (Unaudited)	Full service distribution business <i>HK\$'000</i> (Unaudited)	Segment total <i>HK\$'000</i> (Unaudited)	Eliminations <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Disaggregated by timing of revenue recognition					
Point in time	54,807	77,636	132,443	–	132,443
Overtime	22,316	–	22,316	–	22,316
Revenue					
Revenue from external customers	77,123	77,636	154,759	–	154,759
Inter-segment revenue	768	–	768	(768)	–
	<u>77,891</u>	<u>77,636</u>	<u>155,527</u>	<u>(768)</u>	<u>154,759</u>
Results					
Segment results	<u>10,019</u>	<u>1,008</u>			<u>11,027</u>
Unallocated corporate income					5
Unallocated corporate expenses					<u>(563)</u>
Profit before taxation					<u>10,469</u>

For the six months ended 30 June 2022

	Supply chain management service business <i>HK\$'000</i> (Unaudited)	Full service distribution business <i>HK\$'000</i> (Unaudited)	Segment total <i>HK\$'000</i> (Unaudited)	Eliminations <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Disaggregated by timing of revenue recognition					
Point in time	59,534	86,346	145,880	–	145,880
Overtime	<u>29,360</u>	<u>–</u>	<u>29,360</u>	<u>–</u>	<u>29,360</u>
Revenue					
Revenue from external customers	88,894	86,346	175,240	–	175,240
Inter-segment revenue	<u>384</u>	<u>–</u>	<u>384</u>	<u>(384)</u>	<u>–</u>
	<u>89,278</u>	<u>86,346</u>	<u>175,624</u>	<u>(384)</u>	<u>175,240</u>
Results					
Segment results	<u>12,155</u>	<u>2,310</u>			<u>14,465</u>
Unallocated corporate income					–
Unallocated corporate expenses					<u>(941)</u>
Profit before taxation					<u>13,524</u>

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

Other segment information

For the six months ended 30 June 2023

	Supply chain management service business <i>HK\$'000</i> (Unaudited)	Full service distribution business <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Addition to property, plant and equipment	<u>550</u>	<u>237</u>	<u>787</u>
Addition to right-of-use assets	<u>–</u>	<u>960</u>	<u>960</u>

For the six months ended 30 June 2022

	Supply chain management service business <i>HK\$'000</i> (Unaudited)	Full service distribution business <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Addition to property, plant and equipment	<u>660</u>	<u>39</u>	<u>699</u>
Addition to right-of-use assets	<u>8,833</u>	<u>1,187</u>	<u>10,020</u>

5. OTHER EXPENSES

	Six months ended 30 June	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Legal and professional fees	892	1,370
Credit loss of trade receivables	–	39
Transportation expense	1,703	2,490
Utilities	1,206	1,150
Repair and maintenance	480	438
Warehouse expense	871	2,513
Packing materials	162	343
Insurance	872	817
Miscellaneous	<u>1,249</u>	<u>1,322</u>
	<u>7,435</u>	<u>10,482</u>

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax		
– Hong Kong Profits Tax	1,362	2,222
– Macau Complementary Tax	95	–
Deferred taxation	(29)	(16)
	<hr/>	<hr/>
Total income tax expense for the period	1,428	2,206

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2023 (for the six months ended 30 June 2022: 16.5%). Macau corporate tax is calculated at 12% of the estimated assessable profits for the six months ended 30 June 2023 (for the six months ended 30 June 2022: 12%).

7. INTERIM DIVIDEND

A special dividend (the “**Special Dividend**”) of 3.0 HK cents (year ended 31 December 2022: 1.0 HK cent) per share amounting to HK\$15,056,000 in aggregate (year ended 31 December 2022: HK\$5,018,000) was declared and approved by the Board pursuant to Article 155(c) of the Company’s Articles of Association on 11 November 2022. The Special Dividend was paid in cash during the six months ended 30 June 2023.

At the Company’s annual general meeting held on 8 June 2023, the shareholders of the Company approved the payment of a final dividend of 1.0 HK cent (year ended 31 December 2022: 2.0 HK cents) per share amounting to HK\$5,018,000 in aggregate (year ended 31 December 2022: HK\$10,037,000) for the year ended 31 December 2022, as recommended by the Board, which was paid in cash to the shareholders of the Company on 4 July 2023, whose names appeared on the register of members of the Company on 16 June 2023.

The Directors do not recommend payment of an interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: HK1.0 cent).

8. 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\$9,031,000 (for the six months ended 30 June 2022: HK\$10,338,000) and the weighted average of 501,843,000 ordinary shares (as at 30 June 2022: 501,843,000) in issue during the six months ended 30 June 2023, calculated as follows:

Weighted average number of ordinary shares

	2023 '000 (Unaudited)	2022 '000 (Unaudited)
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>501,843</u>	<u>501,843</u>

(b) Diluted earnings per share

For the periods ended 30 June 2023 and 2022, diluted earnings per share equals basic earnings per share as there was no dilutive potential shares.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired approximately HK\$787,000 (six months ended 30 June 2022: approximately HK\$699,000) of equipment.

10. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2023, additions to right-of-use assets were HK\$960,000 (six months ended 30 June 2022: HK\$10,020,000) primarily related to the capitalised lease payments payable under new tenancy agreements.

11. TRADE RECEIVABLES

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Trade receivables, net of loss allowance	<u>64,808</u>	<u>60,056</u>

The Group generally allows a credit period ranging from 0 days to 120 days to its customers. The Group does not hold any collateral over these balances.

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

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
0 – 30 days	26,928	26,593
31 – 60 days	18,505	16,846
61 – 90 days	14,331	13,303
Over 90 days	<u>5,044</u>	<u>3,314</u>
	<u>64,808</u>	<u>60,056</u>

12. TRADE AND OTHER PAYABLES, ACCRUED EXPENSES AND CONTRACT LIABILITIES

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Trade payables	15,541	6,517
Accrued employees benefits	1,604	3,669
Accrued expenses	3,364	4,207
Other payables	1,286	2,511
Contract liabilities	62	2,899
	<u>21,857</u>	<u>19,803</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 30 June 2023, the aging analysis of trade payables based on invoice date, is as follows:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
0 – 30 days	6,210	6,177
31 – 60 days	312	312
61 – 90 days	3	3
Over 90 days	25	25
	<u>6,550</u>	<u>6,517</u>

13. SHARE CAPITAL

	Number of shares		Share capital	
	30 June 2023 '000 (Unaudited)	31 December 2022 '000 (Audited)	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Issued and fully paid:				
At beginning and end of the period/year	<u>501,843</u>	<u>501,843</u>	<u>5,018</u>	<u>5,018</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is one of the well-established one-stop logistics supply chain management service provider specializing in Fast Moving Consumer Goods (“**FMCG**”) and food and beverage (“**F&B**”), which include pet food. Most of our customers are leading multinational enterprises and our services are tailored for their unique needs. In addition, the Group has entered into the full service distribution business after we acquired a wholly-owned subsidiary in Macau in 2019 and a non-wholly owned subsidiary in Hong Kong in 2020, which are principally engaged in distribution sales of medical, health care, snacks, confectionary and light products. Since then, the Group became a total solution provider to its customers, which not only covering supply chain management services but also full service distribution solution as well. By engaging in the full services distribution business, the Group aims to provide its customers comprehensive services, which include activities such as warehousing, logistics, inventory management, and sales and marketing support. This expansion allows the Group to play a more significant role in the supply chain create more value to its customers in the future.

The global economy which is still full of uncertainty and challenges, deteriorated during the first half of 2023 due to high inflation and the accelerating interest rate business environment. Both the Group and its customers have been affected by the adverse economic conditions during the first half of 2023. The high inflation and the accelerating interest rate environment have significant implications for businesses and consumers alike. According to the Report entitled “Gross Domestic Product (“**GDP**”) by Expenditure Component (Second Quarter 2023)” released by the Census and Statistics Department of the Government of the Hong Kong Special Administrative Region (“**C&SD**”), the year-on-year rate of change in real terms of GDP up to the second quarter of 2023 increased by 1.5%.

The Group managed to maintain its profitability during the 1st half of 2023 under the tough business environment. Although the overall sales volume has dropped for both the supply chain management services business and the full service distribution business, the Group has strictly implemented cost control measures to reduce idle capacity and expenditures. In addition, the recovery of the Macau tourism is another factor that supports the Group to maintain its profitability.

Milestones in 2023

Even though the market condition has not yet recovered as predicted, the Board is determined to provide the customers a comprehensive solution. Since 2019, the Group's strategic plan is to set up its distribution arm through acquisition. Moreover, the Group's plan to become a fourth-party logistics ("4PL") service provider is still on track. In 2023, the Group has set up a new subsidiary in Hong Kong to engage in full services distribution business and has recruited two experienced senior staff to further enhance its business model and networking capabilities. The Group believes that their relevant industry experience could bring valuable expertise, knowledge, and connections that can contribute to the success of the new business unit, as well as strengthen the synergy with its distribution business in Macau. The successful expansion and recruitment efforts signify the Group's commitment to growth and its proactive approach to adapting to the changing market conditions. The Group has successfully contracted with a well-known brand chocolate manufacturer group based in Europe, which is globally active, develops, produces and sells chocolate products in the premium quality segment, and the Group has been appointed as its official distributor in Hong Kong and Macau. The Group has also gained a new distribution client in Macau which is an American multinational brand dealing in cosmetics, skin care, perfume, and personal care product.

The Group never forget its core competence as a quality supply chain solution provider. During 2023, the Group has expanded its cold chain business with a new reputable customer engaged in the fast food chain catering business. This is another signal from the market to recognize the quality and services of the Group. With the well established foundation of our logistics backbone, the Group is expected to leverage its operation scales and experience to provide its customers additional value added services and the best quality service.

In order to capitalize the upcoming economy recovery opportunity, the Group is willing to invest and enhance its competitiveness. The Group has incurred capital expenditures for semi-auto machines to increase working efficiency and productivity. Moreover, the Group has shown its determination to develop as a 4PL service provider. The Group has developed a new enterprise resource planning ("ERP") system tailored for 4PL business for continuous development and built up new networking with various retailers. Additionally, the Group rented a new warehouse in Macau for handling increasing sales demand and distribution of new brands.

Besides the operation, the Group always takes into consideration the aspects of Environmental, Social, and Governance (“ESG”). The Group found different ways to achieve the goal as a responsible enterprise. During 2023, the Group has co-operated with banks to provide funds support to green projects and responded to the society by donation of materials to charitable entities which include, Tung Wah Group of Hospital, Caritas Hong Kong and Po Leung Kuk.

With our motto “Always Can Do”, we are committed to provide reliable and professional one stop logistics solutions with value added chains to enhance efficiency and maintain a competitive advantage for our customers. We will continue to make our best effort to stay ahead of our competitors.

Outlook

The global economy recession may continue due to high inflation and the accelerating interest rates. The management of the Group remains cautious with the performance of the Group in the second half of 2023. However, the Group will continue to improve itself and to prepare for opportunities which may arise.

Financial Review

Revenue

The revenue of the Group decreased by approximately 11.7% from approximately HK\$175.2 million for the six months ended 30 June 2022 to approximately HK\$154.8 million for the six months ended 30 June 2023. The decrease in revenue was due to the overall downturn of the global economy.

Revenue generated from our supply chain management service business decreased by approximately 13.2% from approximately HK\$88.9 million for the six months ended 30 June 2022 to HK\$77.1 million for the six months ended 30 June 2023. The decrease of revenue was mainly due to the reduction of demand of our service.

Revenue generated from our full service distribution business decreased by approximately 10.1% from approximately HK\$86.3 million for the six months ended 30 June 2022 to HK\$77.6 million for the six months ended 30 June 2023. The decrease in revenues was due to the reduction in the demand on the disinfectionary products and more conservative consumption pattern from our customers.

Employee benefits expenses

Employee benefits expenses primarily consist of wages and salaries, medical benefits, and other allowances and benefits. Our employee benefits expenses amounted to approximately HK\$27.8 million for the six months ended 30 June 2023 (for the six months ended 30 June 2022: HK\$29.6 million). Our Group had a total of 196 and 177 full-time employees as at 31 December 2022 and 30 June 2023 respectively. The increment of employee benefits expenses was driven by salary increment and improvement of staff benefits.

Other expenses

Other expenses mainly include other operating cost for warehousing and value-added services, electricity, repair and maintenance, consumables, entertainment, rates and office and store supplies. For the six months ended 30 June 2023, other expenses amounted to approximately HK\$7.4 million (for the six months ended 30 June 2022: HK\$10.5 million). The decrement of approximately 29.1% was mainly due to the decrease in warehouse expense and transportation expense following a drop of sales orders.

Taxation

The taxation mainly represents the provision of Hong Kong Profits Tax and Macau Corporate Tax calculated at 16.5% and 12.0% of the estimated assessable profits during the six months ended 30 June 2022 and 2023, respectively.

Profit

Our Group recorded a profit of approximately HK\$9.0 million for the six months ended 30 June 2023, representing an decrease of approximately 20.1% when compared with that for the six months ended 30 June 2022. Excluding the government grant receipt during six months ended 30 June 2022, the net profit after tax was decreased by 9.7% accordingly. The decrease in profit after taxation was mainly attributable to the decline in sales volume because of the negative impact from global economic recession and high inflation rate.

INTERIM DIVIDEND

The Directors do not recommend payment of an interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: HK1.0 cent).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operation and investments during the reporting period were financed principally by cash generated from its business operations and bank borrowings. As at 30 June 2023, the Group had net current assets of approximately HK\$59.4 million (31 December 2022: approximately HK\$54.1 million) and cash and cash equivalents and bank borrowings of approximately HK\$42.5 million as at 30 June 2023 (31 December 2022: approximately HK\$54.1 million) and HK\$2.0 million (31 December 2022: approximately HK\$2.0 million) as at 30 June 2023. The Directors have confirmed that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

GEARING RATIO

As at 30 June 2023, the gearing ratio (calculated on the basis of total bank borrowings divided by total assets at the end of the period/year) of the Group was 0.01 (31 December 2022: 0.01).

FOREIGN CURRENCY RISK

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

CAPITAL COMMITMENT

As at 30 June 2023, the Group did not have material capital commitments (31 December 2022: Nil).

CAPITAL STRUCTURE

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

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

For the six months ended 30 June 2023, the Group did not have any material acquisitions and disposal of subsidiaries, associates and joint ventures.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, the Group employed 177 (31 December 2022: 196) full time employees. We determine the employee's remuneration based on factors such as qualification, duty, contributions and years of experience and the prevailing market condition.

CHARGE ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2023, the Group has bank borrowings of approximately HK\$2.0 million (31 December 2022: HK\$2.0 million). The subsidiaries have obtained banking facilities of HK\$25.0 million (31 December 2022: HK\$25.0 million), in which HK\$15.0 million (31 December 2022: HK\$15.0 million) and HK\$10.0 million (31 December 2022: HK\$10.0 million) are guaranteed by the Group and co-guaranteed by the Group and non-controlling interests, respectively.

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

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions By Directors of Listed Issuers in Appendix 10 of the Listing Rules. The Company, having made specific enquiry of all the Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the six months ended 30 June 2023.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2023, 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”):

Interests in the Company

Name of Director and chief executives	Capacity	Number of shares held/ interested			Percentage of Company's issued share capital
		Personal interests	Other interests	Total interests	
Mr. Yeung Kwong Fat (Note 1)	Interest in a controlled corporation; and beneficial owner	15,112,000	82,088,000	97,200,000	19.37%
Mr. Lee Kam Hung (Note 2)	Interest in a controlled corporation; and beneficial owner	3,968,000	143,796,000	147,764,000	29.44%
Mr. Luk Yau Chi, Desmond (Note 3)	Interest in a controlled corporation; and beneficial owner	5,852,000	76,060,000	81,912,000	16.32%
Mr. How Sze Ming (Note 4)	Beneficial owner	64,000	–	64,000	0.01%
Mr. Jung Chi Pan, Peter (Note 4)	Beneficial owner	64,000	–	64,000	0.01%
Mr. Mak Tung Sang (Note 4)	Beneficial owner	64,000	–	64,000	0.01%

Notes:

- 97,200,000 Shares in which Mr. Yeung is interested consist of (i) 82,088,000 Shares held by Orange Blossom International Limited, a company wholly owned by Mr. Yeung, in which Mr. Yeung is deemed to be interested under the SFO, and (ii) 15,112,000 Shares is directly held by Mr. Yeung.
- 147,764,000 Shares in which Mr. Lee is interested consist of (i) 143,796,000 Shares held by Best Matrix Global Limited, a company wholly owned by Mr. Lee, in which Mr. Lee is deemed to be interested under the SFO, and (ii) 3,968,000 Shares is directly held by Mr. Lee.
- 81,192,000 Shares in which Mr. Luk is interested consist of (i) 76,060,000 Shares held by Leader Speed Limited, a company wholly owned by Mr. Luk, in which Mr. Luk is deemed to be interested under the SFO, and (ii) 5,852,000 Shares is directly held by Mr. Luk.
- 64,000 Shares are directly held by Mr. How, Mr. Jung and Mr. Mak respectively.

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	<u>1</u>	<u>100%</u>

Save as disclosed above, as at 30 June 2023, none of the Directors and chief executive of the Company had any interests and short positions in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) or (ii) which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO or (iii) which were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2023, 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	Beneficial owner	143,796,000	28.65%
Leader Speed Limited	Beneficial owner	76,060,000	15.16%
Orange Blossom International Limited	Beneficial owner	82,088,000	16.36%
Ms. Law Wai Yee (<i>Note 1</i>)	Interest of spouse	97,200,000	19.37%
Ms. Chan Pik Shan (<i>Note 2</i>)	Interest of spouse	147,764,000	29.44%
Ms. Wong Soo Fung (<i>Note 3</i>)	Interest of spouse	81,912,000	16.32%
Ms. Hui Pui Shan (<i>Note 4</i>)	Interest of spouse	64,000	0.01%
Ms. Chan Ka Man (<i>Note 5</i>)	Interest of spouse	64,000	0.01%
Ms. Wong Shuk Ling, Janine (<i>Note 6</i>)	Interest of spouse	64,000	0.01%

Notes:

- Ms. Law Wai Yee is the spouse of Mr. Yeung and is deemed, or taken to be, interested in Shares in which Mr. Yeung has interest under the SFO.
- Ms. Chan Pik Shan is the spouse of Mr. Lee and is deemed, or taken to be, interested in Shares in which Mr. Lee has interest under the SFO.
- 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.
- 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.
- 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.
- Ms. Wong Shuk Ling, Janine is the spouse of Mr. Mak and is deemed, or taken to be, interested in Shares in which Mr. Mak has interest under the SFO.

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

Save as disclosed herein, the Company has not been notified of any other person (other than a Director or a chief executive of the Company) who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 June 2023.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in this announcement, at no time during the six months ended 30 June 2023 was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance, to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of 30 June 2023 or at any time during the six months ended 30 June 2023.

COMPETING INTEREST

For the six months ended 30 June 2023, 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 Rules Governing the Listing of Securities on the Stock Exchange) that compete or may compete with the business of the Group and any other conflict of interest.

CORPORATE GOVERNANCE

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

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

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

AUDIT COMMITTEE

The Board has established an audit committee (the “**Audit Committee**”), 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 and risk management to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated to the Audit Committee the responsibility for the initial establishment and the maintenance of a framework of internal controls, risk management and ethical standards for the Group’s management. The Audit Committee currently comprises three Independent Non-executive Directors, namely Mr. How Sze Ming, Mr. Mak Tung Sang and Mr. Jung Chi Pan Peter. Mr. How Sze Ming is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2023.

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

Hong Kong, 28 August 2023

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.