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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: 8012)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE “GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of World-Link Logistics (Asia) Holding Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively refer to as the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

ANNUAL RESULTS

The board of Directors (the “**Board**”) is pleased to announce that the audited financial results of the Group for the year ended 31 December 2015, together with the comparative figures for the year ended 31 December 2014. The financial information is approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

		2015	2014
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	125,161	134,812
Other income		428	23
Employee benefits expenses		(35,896)	(36,986)
Depreciation of property, plant and equipment		(2,138)	(2,072)
Operating lease rentals in respect of rented premises		(36,052)	(31,450)
Sub-contracting expenses		(21,911)	(25,412)
Operating lease rental in respect of plant, machinery and equipment		(1,753)	(1,326)
Interest on bank borrowings		(15)	–
Listing expenses		(12,665)	–
Other expenses		(12,453)	(12,496)
		<hr/>	<hr/>
Profit before taxation		2,706	25,093
Income tax expense	5	(2,556)	(3,677)
		<hr/>	<hr/>
Total profit and other comprehensive income for the year		150	21,416
		<hr/>	<hr/>
Earnings per share (<i>HK cents</i>)	6	0.04	5.95
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	NOTES	2015 HK\$'000	2014 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		3,001	3,341
Rental deposits		5,759	5,639
Deferred tax assets		736	650
		<u>9,496</u>	<u>9,630</u>
Current assets			
Trade and other receivables	7	29,494	36,086
Tax recoverable		1,600	1,494
Bank balances and cash		54,553	10,240
		<u>85,647</u>	<u>47,820</u>
Current liabilities			
Trade and other payables and accrued expenses	8	7,173	3,691
Unsecured bank borrowings		25,000	–
Amounts due to directors		–	30,136
		<u>32,173</u>	<u>33,827</u>
Net current assets		<u>53,474</u>	<u>13,993</u>
Total assets less current liabilities		<u>62,970</u>	<u>23,623</u>
Non-current liability			
Provision for long service payments		679	632
NET ASSETS		<u>62,291</u>	<u>22,991</u>
CAPITAL AND RESERVES			
Share capital	9	4,800	10
Reserves		57,491	22,981
TOTAL EQUITY		<u>62,291</u>	<u>22,991</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company				Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Retained profits HK\$'000	
	At 1 January 2014	10	–	–	
Total profit and other comprehensive income for the year	–	–	–	21,416	21,416
At 31 December 2014	10	–	–	22,981	22,991
Total profit and other comprehensive income for the year	–	–	–	150	150
Effect of group reorganisation	(10)	–	10	–	–
Special dividend for the year ended 31 December 2015	–	–	–	(15,000)	(15,000)
Capitalisation issue	3,600	(3,600)	–	–	–
Issue of shares	1,200	58,800	–	–	60,000
Cost of issuing new shares	–	(5,850)	–	–	(5,850)
At 31 December 2015	<u>4,800</u>	<u>49,350</u>	<u>10</u>	<u>8,131</u>	<u>62,291</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. BASIS OF PREPARATION

The companies now comprising the Group underwent a series of reorganisation. Prior to the group reorganisation, the companies comprising the Group were ultimately controlled by three individuals, namely Mr. Yeung Kwong Fat (“**Mr. Yeung**”), Mr. Lee Kam Hung (“**Mr. Lee**”) and Mr. Luk Yau Chi Desmond (“**Mr. Luk**”) (collectively referred to as the “**Individual Shareholders**”). The companies now comprising the Group were beneficially and wholly owned by the Individual Shareholders collectively. On 15 July 2015, Real Runner Limited acquired the shares of World-Link Roadway System Company Limited and World-Link Packing House Company Limited from the Individual Shareholders. After the said transfers, World-Link Roadway System Company Limited and World-Link Packing House Company Limited became wholly-owned subsidiaries of Real Runner Limited. Pursuant to the reorganisation, which was completed by interspersing the Company between the Individual Shareholders and Real Runner Limited, the Company became the holding company of the companies now comprising the Group on 16 December 2015 (“**Group Reorganisation**”). The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements has been prepared as if the Company had always been the holding company of the Group.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year have been prepared to present the results and cash flows of the companies now comprising the Group, as if the group structure upon the completion of the Reorganisation had been in existence throughout the year. The combined statement of financial position of the Group as at 31 December 2014 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at that date.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

The Group has applied the following amendments to HKFRSs and a new Interpretation issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) during the current year.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of the new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ¹
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ³
Amendments to HKAS 1	Disclosure Initiative ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ³
Amendments to HKAS 27	Equity Method in Separate Financial Statements ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ³

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

² Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

⁴ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of these new and revised HKFRSs will have no material impact on the consolidated financial statements of the Company.

3. REVENUE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Transportation services income	31,107	32,386
Warehousing services income	56,959	53,524
Customisation services income	29,637	39,313
Value-added services income	7,458	9,589
	<u>125,161</u>	<u>134,812</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 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) Logistic solutions business and (ii) customisation services. 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 2015

	Logistics solutions business <i>HK\$'000</i>	Customisation services <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue					
External sales	<u>102,385</u>	<u>29,976</u>	<u>132,361</u>	<u>(7,200)</u>	<u>125,161</u>
Results					
Segment results	<u>8,291</u>	<u>7,118</u>			15,409
Listing expenses					(12,665)
Unallocated corporate expenses					<u>(38)</u>
Profit before taxation					<u>2,706</u>

For the year ended 31 December 2014

	Logistics solutions business <i>HK\$'000</i>	Customisation services <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue					
External sales	<u>104,652</u>	<u>39,760</u>	<u>144,412</u>	<u>(9,600)</u>	<u>134,812</u>
Results					
Segment results	<u>13,243</u>	<u>11,850</u>			<u>25,093</u>
Profit before taxation					<u>25,093</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 listing exposures and corporate expenses. This is the measure reported to the chief operating decision maker of the Group for the purpose of resource allocation and performance assessment.

Other segment information

For the year ended 31 December 2015

	Logistics solutions business HK\$'000	Customisation services HK\$'000	Segment total HK\$'000
Loss on disposal of property, plant and equipment	5	11	16
Additions to non-current assets	1,889	45	1,934
Depreciation of property, plant and equipment included in the measure of segment results	<u>1,671</u>	<u>467</u>	<u>2,138</u>

For the year ended 31 December 2014

	Logistics solutions business HK\$'000	Customisation services HK\$'000	Segment total HK\$'000
Additions to non-current assets	495	74	569
Depreciation of property, plant and equipment included in the measure of segment results	<u>1,579</u>	<u>493</u>	<u>2,072</u>

Information about major customers

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

	2015 HK\$'000	2014 HK\$'000
Customer A	<u>78,187</u>	<u>97,739</u>

5. INCOME TAX EXPENSE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
The charge (credit) comprises:		
Hong Kong Profits Tax – current year	2,642	4,327
Deferred taxation	<u>(86)</u>	<u>(650)</u>
	<u>2,556</u>	<u>3,677</u>

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

6. EARNINGS PER SHARE

The calculation of the earnings per share attributable to the owners of the Company is based on the following data:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Earnings:		
Profit for the year attributable to owners of the Company for the purposes of earnings per share	<u>150</u>	<u>21,416</u>
	2015	2014
Number of shares:		
Weighted average number of ordinary shares for the purpose of earnings per share	<u>360,986,296</u>	<u>359,999,990</u>

The number of ordinary shares for the purpose of basic earnings per share for both years has taken into account the shares issued pursuant to the Group Reorganisation and the Capitalisation Issue (as defined in note 9).

Diluted earnings per share is not presented for the year as there is no potential ordinary share outstanding during the year or at the end of reporting periods.

7. TRADE AND OTHER RECEIVABLES

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0-30 days	11,853	12,780
31-60 days	10,361	11,693
61-90 days	4,463	7,535
Over 90 days	792	2,657
	<u>27,469</u>	<u>34,665</u>

8. TRADE AND OTHER PAYABLES

The amount included approximately HK\$2,072,000 (2014: HK\$492,000) trade payables that aged within 30 days.

9. SHARE CAPITAL

	Number of shares	<i>HK\$</i>
Issued and fully paid:		
At 27 July 2015 (date of incorporation)	10	–
Issue of shares upon group reorganisation	990	10
Capitalisation issue (<i>note a</i>)	359,999,000	3,599,990
Issue of new shares upon listing (<i>note b</i>)	120,000,000	1,200,000
	<u>480,000,000</u>	<u>4,800,000</u>
At 31 December 2015		<i>HK\$'000</i>
		4,800

Notes:

- (a) On 16 December 2015, the Company has approved the issuance of 359,999,000 shares standing to the credit of the share premium of the Company conditional on the share premium account of the Company being credited as a result of the placement of the shares of the Company (“**Capitalisation Issue**”). The Capitalisation Issue was completed on 29 December 2015.
- (b) On 29 December 2015, the shares of the Company were listed on the Stock Exchange. 120,000,000 ordinary shares at a placing price of HK\$0.5 each have been issued to investors through placement with net proceeds of approximately HK\$54,150,000.

10. OPERATING LEASES

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises and plant, machinery and equipment which fall due as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Rented premises		
Within one year	22,623	33,985
In the second to fifth year inclusive	<u>3,979</u>	<u>19,625</u>
	<u>26,602</u>	<u>53,610</u>
Rented plant, machinery and equipment		
Within one year	481	766
In the second to fifth year inclusive	<u>245</u>	<u>572</u>
	<u>726</u>	<u>1,338</u>
	<u>27,328</u>	<u>54,948</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

During the year 2015, the global economy has experienced the slowest growth since 2009 and Hong Kong recorded the first annual decline in the number of visitors since 2003. The slowdown in the tourism industry has adversely affected the local retail market in Hong Kong.

Our Group achieved an important milestone in 2015. The Company successfully listed on the GEM of the Stock Exchange on 29 December 2015.

Business Review

The Company is one of the leading logistic service providers in Hong Kong, our business is to meet the needs of our customers throughout their entire supply chain. We aim to deliver high quality and timely services to our customers by providing flexible and reliable logistic solutions.

The Group provides a comprehensive logistics solutions and customisation services to our customers, including but not limited to, tailor-made logistic solutions, freight management, warehousing and distribution services. Prior to the provision of logistics services, our operation team will discuss with our customers in relation to their delivery plan and logistics requirements. Our professional colleagues will design a unique supply chain operation model to add value to our customers' businesses.

Our business is built on a customer-oriented culture, and we focus on establishing long-term relationships with reputable customers by providing flexible, reliable and timely logistics services. With our proven track record in the logistics industry, we have established a broad customer base comprising of customers from various industries, including fast moving consumer goods (“**FMCG**”), food and beverage (“**F&B**”), retailing and other industries. Our business objective is to provide value-added services to our customers.

The revenue of the Group slightly decreased by approximately 7.2% or HK\$9.6 million from approximately HK\$134.8 million for the year ended 31 December 2014 (“**2014**”) to approximately HK\$125.2 million for the year ended 31 December 2015 (“**2015**”).

The decrease in revenue was attributable to the decrease in revenue generated from our largest customer. The reduction in revenue was partially offset by the revenue generated by new customers and expansion of our service scope to our existing customers.

During the year ended 31 December 2015, our Group successfully commenced business relationship with several new customers, including but not limited to a well-known and a Hong Kong based food distributor. The revenue from new customers accounted for approximately 8.3% of our total revenue for the year ended 31 December 2015. The Group provided a full supply chain services including vendor management, inbound support, warehousing, delivery, data management and all sort of customisation services. Our logistics services are able to shorten the delivery time and enhance service quality and in turn help our customers improving their profit margin.

Moving forward, after the Company's successful listing on the GEM on 29 December 2015 (the "**Listing**"), the Group will continue to maintain and strengthen its position as one of the logistics service providers in Hong Kong. Our Directors believe that our business and growth prospect will remain positive going forward.

Alongside with maintaining constant long-term business relationship with our largest customer, we have from time to time identified new customers. In addition, our Group has continued to expand our sales and marketing network. Our Directors believe that our strategies to grow are as follows:

(i) Service quality is our key to success:

Being the exclusive logistics partner with a global FMCG customer in Hong Kong, the Company has already being identified as one of the high quality service providers in the industry. With the Company's best practice and professional colleagues, the Company creates value to customers and helps them to save cost.

(ii) Introduction of new customers:

Our Directors believe that our Group is able to expand our logistics services and warehousing services for new customers in different industries and markets. Our Directors are of the view that the industries and markets in which our services would be needed are fragmented and therefore, offer enormous opportunities to us to expand our business penetration.

Financial Review

Revenue

The revenue of the Group decreased by approximately 7.2% from approximately HK\$134.8 million for the year ended 31 December 2014 to approximately HK\$125.2 million for the year ended 31 December 2015.

Revenue generated from warehousing increased by approximately 6.42% from approximately HK\$53.5 million for the year ended 31 December 2014 to HK\$57.0 million for the year ended 31 December 2015.

Revenue generated from customisation decreased by approximately 24.6% from approximately HK\$39.3 million for the year ended 31 December 2014 to HK\$29.6 million for the year ended 31 December 2015. The significant decrease in revenue was attributable to the numerous challenges imposed by the local economic downturn, decline of the number of visitors, and slowdown in the local market retail sales.

Revenue generated from transportation slightly decreased by approximately 3.9% from approximately HK\$32.4 million for the year ended 31 December 2014 to HK\$31.1 million for the year ended 31 December 2015.

Revenue generated from value added services decreased by approximately 22.2% from approximately HK\$9.6 million for the year ended 31 December 2014 to approximately HK\$7.5 million for the year ended 31 December 2015.

We have established a broad customer base comprising of customers from various industries, including FMCG, F&B, retailing and other industries.

Our Group is able to maintain a relatively stable revenue for the year ended 31 December 2015 as we have been focusing on our new business development in the F&B sector. Our Group has successfully provided value-added services to our customers' supply chains. Our high quality of services has been highly recognized by our customers. Apart from recruiting new business to grow the revenue, expanding service scope was also a main strategy of the Group.

In 2016, the Group aims at expanding businesses to other key customers. We will also start to expand our scope of services to cover cold chain logistics services.

Other income

Other income comprised of bank interest income and other miscellaneous income. Other income was HK\$23,000 and HK\$428,000 for the year ended 31 December 2014 and the year ended 31 December 2015 respectively. The significant increment was due to the increase in the gate-in registration fee charged to drivers since May 2015.

Employee benefits expenses

Employee benefits expenses primarily consisted of wages and salaries, medical benefits, and other allowances and benefits. Our employee benefits expenses amounted to approximately HK\$35.9 million (2014: HK\$37.0 million). Our Group had a total of 271 and 266 full-time employees as at 31 December 2014 and 31 December 2015 respectively.

Other expenses

Other expenses mainly included other operating cost for warehousing and value-added services, electricity, repair and maintenance, consumables, entertainment, rates and scrapping disposal expenses. For the years ended 31 December 2014 and 2015, other expenses amounted to approximately HK\$12.5 million and HK\$12.5 million respectively.

Taxation

The taxation represented the provision of Hong Kong profits tax calculated at 16.5% of the estimated assessable profits during the year ended 31 December 2015. The increase in effective tax rate is due to one off listing expenses that are not deductible for tax purposes.

Profit and total comprehensive income for the year ended 31 December 2015

Our group recorded a net profit after taxation of approximately HK\$150,000 for the year ended 31 December 2015, representing a substantial decline by approximately 99.3 % compared to the year ended 31 December 2014. The substantial decline of the net profit, in the opinion of our Directors, as disclosed in the prospectus, mainly due to the recognition of the one-off listing expenses, the increase in the operating lease rental in respect of rented premise and decrease in the revenue generated from our customisation services which was offset by the decrease in subcontracting expenses. Compared to the estimated listing expense of approximately HK\$11.9 million disclosed in the prospectus, additional listing expenses amounted to approximately HK\$800,000 were incurred upon the Listing.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operation and investments were financed principally by cash generated from its own business operations and bank borrowings. As at 31 December 2015, the Group had net current assets of approximately HK\$53,474,000 (2014: approximately HK\$13,993,000) and had cash and cash equivalents of approximately HK\$54,553,000 as at 31 December 2015 (2014: approximately HK\$10,240,000). The current liabilities of the Group included bank borrowings of HK\$25,000,000 which include a repayment on demand clause. The Directors are satisfied 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 2015, 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 approximately 0.26 (2014: nil). The increase of gearing ratio was attributable to the borrowings of HK\$25,000,000 obtained during the year ended 31 December 2015.

FOREIGN CURRENCY RISK

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

CAPITAL COMMITMENT

As at 31 December 2015, the Group did not have material capital commitments (2014: Nil).

OTHER INFORMATION

Scope of work of Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an 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 Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

DIVIDEND

Pursuant to the resolutions of Board of Directors passed on 17 December 2015, a special dividend amount of HK\$15,000,000 was declared and paid by the Company to its pre-IPO shareholders before the Listing on the GEM. After the Listing, the Board of Directors did not recommend a dividend payment for the year ended 31 December 2015.

CAPITAL STRUCTURE

The Company's shares were successfully listed on the GEM on 29 December 2015. There has been no change in the Company's capital structure since 29 December 2015. The capital structure of the Group consists of bank borrowings and equity attributable to the owners of the Company which comprise of issued share capital and reserves. The Directors review the Group's capital structure regularly. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. The Group will adjust its overall capital structure through the payment of dividends, issuance of new shares as well as the repayment of borrowings.

CHARGE ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2015, all bank borrowings of the Group were guaranteed by those Directors and had subsequently replaced by the Company's own guarantee after the end of reporting period. The Group has no material contingent liabilities as at 31 December 2015.

MATERIAL ACQUISITIONS AND DISPOSAL

Pursuant to the Reorganisation, the Company became the holding company of the Group formed after completion of the Reorganisation. Details of the Reorganisation are set out in the paragraph headed “Reorganisation” in the section headed “History, Reorganisation and Corporate Structure” of the Prospectus.

Save as aforesaid, during the year ended 31 December 2015, the Group had no material acquisitions and disposals of subsidiaries.

FUTURE PLANS OF MATERIAL INVESTMENTS

As disclosed in the Prospectus, the Company had drawn up strategies to achieve its business objectives, including, but not limited to, conducting feasibility studies on enhancement of the existing facilities for chilled and frozen products with a portion of the proceeds resulting from the Placing of the Company’s shares. The Company had also drawn up strategies to install air-conditioner in a designated area in our Group’s existing warehouse so as to store wine, eggs, canned food and cosmetic products.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group employed 266 (2014: 271) full time employees. We determine the employee’s remuneration based on factors such as qualification, duty, contributions and years of experience.

USE OF PROCEEDS FROM THE COMPANY’S PLACING

As disclosed in the Prospectus, the net proceeds from the Company’s issue of 120,000,000 new shares at the placing price of HK\$0.5 per share at the time of the Listing, after deducting the underwriting fees and other expenses to be borne by the Company, are estimated to be approximately HK\$42.4 million. Our Directors presently intend to apply the aforesaid net proceeds as follows:

- (i) approximately 44.8% of the total estimated net proceeds, or approximately HK\$19.0 million, will be used to expand the scope of our services;
- (ii) approximately 7.5% of the total estimated net proceeds, or approximately HK\$3.2 million, will be used to enhance our sales and marketing effort;
- (iii) approximately 5.0% of the total estimated net proceeds, or approximately HK\$2.1 million, will be used to further strengthen our information technology and systems;

- (iv) approximately 5.0% of the total estimated net proceeds, or approximately HK\$2.1 million, will be used to attract and retain talented and experienced personnel;
- (v) approximately 28.3% of the total estimated net proceeds, or approximately HK\$12.0 million, will be used to repay parts of the bank loan to be drawn down from a financial institution prior to Listing. The bank loan was used to settle our amounts due to directors of approximately HK\$18.0 million as at 31 October 2015, which represented the dividends paid to the shareholders, and to strengthen our general working capital. The reason for using bank loan, notwithstanding that interest will be payable, is mainly to provide flexibility on the cash flow of our Group. The interest rates of the loan are 2.25% plus 3 months HIBOR per annum and will mature in June 2017; and
- (vi) approximately 9.4% of the total estimated net proceeds, or approximately HK\$4.0 million, will be used as general working capital.

As the date of this announcement, the Directors do not anticipate any change to the plan as to use of proceeds and the Group had repaid HK\$10 million in January 2016. The unused net proceeds were placed with banks in Hong Kong.

PURCHASE, SALE OR REDEMPTION

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's 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 15 of the GEM 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 GEM Listing Rules, the Company has established an audit committee, a nomination committee and a remuneration committee with specific written terms of reference. During the period from the date of Listing and up to the date of this announcement, the Company has complied with the CG Code as set out in Appendix 15 of the GEM Listing Rules.

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 2015 are set out in the 2015 annual report.

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

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 Rules 5.48 to 5.67 of the GEM 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 2015.

COMPETING INTEREST

For the year ended 31 December 2015, the Directors were not aware of any business or interest of the Directors, the controlling shareholders, the management shareholders and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

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 framework exists within the entity. This includes internal controls 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 the responsibility for the initial establishment and the maintenance of a framework of internal controls and ethical standards for the Group’s management to the Audit Committee. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Poon Ka Lee, Barry, Ms. Yam Ka Yue and Mr. How Sze Ming. Mr. Poon Ka Lee, Barry is the chairman of the Audit Committee. The Audit Committee has reviewed the audited annual results of the Group for the year ended 31 December 2015.

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

Hong Kong, 10 March 2016

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. Poon Ka Lee, Barry, Ms. Yam Ka Yue and Mr. How Sze Ming.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page from the date of this announcement and the Company’s website at <http://www.world-linkasia.com>.