

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 REPORT 2015



Characteristics of The Growth Enterprise Market ("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.

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This report, 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 report 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 report misleading.



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CORPORATE INFORMATION

Board of Directors

Executive directors

Mr. Yeung Kwong Fat (*Chairman and CEO*)
Mr. Lee Kam Hung
Mr. Luk Yau Chi, Desmond

Independent Non-executive Directors

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

Company Secretary

Ms. Leung Ho Yee, CPA, ACIS ACS

Compliance Officer

Mr. Luk Yau Chi, Desmond

Board Committees

Audit Committee

Mr. Poon Ka Lee, Barry (*Chairman*)
Mr. How Sze Ming
Ms. Yam Ka Yue

Nomination Committee

Mr. Yeung Kwong Fat (*Chairman*)
Mr. Poon Ka Lee, Barry
Ms. Yam Ka Yue

Remuneration Committee

Mr. How Sze Ming (*Chairman*)
Ms. Yam Ka Yue
Mr. Luk Yau Chi, Desmond

Authorised Representatives

Mr. Yeung Kwong Fat
Ms. Leung Ho Yee

Company's Website

<http://www.world-linkasia.com>

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F One Pacific Place
88 Queensway
Hong Kong

Registered Office

Clifton House
75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Compliance Adviser

Octal Capital Limited
801-805, 8th Floor
Nan Fung Tower
88 Connaught Road Central
Hong Kong

Legal Adviser

TC & Co.
Units 2201-2203, 22/F.,
Tai Tung Building,
8 Fleming Road,
Wanchai,
Hong Kong

Headquarters and Principal Place of Business In Hong Kong

3/F, Allied Cargo Centre
150-164 Texaco Road
Tsuen Wan
Hong Kong



CHAIRMAN'S STATEMENT



Mr. Yeung Kwong Fat
(Chairman and Chief Executive Officer)

Dear Shareholders,

On behalf of the board of Directors (the "Board"), I am pleased to present the annual report for the year ended 31 December 2015.

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.

Labor market remained relatively stable, the unemployment rate kept at a low level of 3.3% in 2015. The statutory minimum wage rate increased by 8.33% which created pressures on the Group's costing.

The performance of Hong Kong F&B sector was outstanding in 2015. Different from retail sales performance, the value of total receipts for the F&B sector achieved an increment of 3.9% in 2015. During the same period, the provisional value of total purchase by restaurants has increased by 2.2% to 35.2 billion.

Our Group achieved an important milestone in 2015. The Company successfully listed on the GEM of the Stock Exchange on 29 December 2015. Despite facing numerous challenges including downturn in local economy, decline in the number of visitors, contraction in the retail sales, inflation in wages and shortage of labor, the Group was able to maintain a relatively stable revenue for the year ended 31 December 2015.

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.

CHAIRMAN'S STATEMENT

Business Review

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 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.

Apart from recruiting new business to grow the revenue, expanding service scope is another main strategy of the Group. We have extended our quality inspection and other customisation services to other customers. In 2015, we also successfully set up a licensed rice warehouse to meet the demand from the F&B sector. Maintaining high quality is also a focused strategy of the Group. We are proud to announce that we were granted ISO9001: 2008 certificate in 2015 and also successfully listed as an audited repacking center by a global leading pharmaceutical company.

2016 Outlook

Looking ahead in 2016, the growth momentum is expected to remain slow and weak. We expect the tourism industry remains weak and the retail sales forecast to be unoptimistic. Domestic demand which was relatively elastic in 2015 may have some growth momentum in 2016. The Directors expect that the overall Hong Kong economy will grow only by 1-2% in 2016. Recruitment of employees will be very challenging in the logistics industry. The upward trend of wages also creates pressure to the Group's costing. Despite of these, the Directors believe that the local market logistic is still full of opportunities and we will focus in F&B, electronic, health and beauty accessories ("EHBA") and fast moving consumer goods ("FMCG") sectors.

We will develop both external and internal strategies. For external strategy, we aim at expanding our business to other key customers and recruiting new business. We will also expand new business in cold chain logistics. The Group will focus on creating extra value to our existing customers, which can be achieved by providing various services to our customers such as quality assurance, customer services, and operation flow. These can demonstrate our service quality and prove to the customers that the Group is their most valuable partner in the future. We will also review the business and operation process with each of our key customers from time to time to expand our business service scope to them. Hence, the Group can keep growing.

For internal strategy, we will enhance staff training, marketing and space utilization. We believe that being well-equipped is the best practice to grasp opportunities ahead.

Yeung Kwong Fat
Chairman and Chief Executive Officer

Hong Kong, 10 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

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. 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.

Management Discussion and Analysis

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.

	2015 HK\$'000	2014 HK\$'000	Variance	Variance %
FMCG	84,790	107,127	(22,337)	(20.9%)
F&B	18,080	6,333	11,747	185.5%
EHBA	4,297	1,481	2,816	190.1%
Retailing	15,815	16,756	(941)	(5.6%)
Others	2,179	3,115	(936)	(30.0%)
Total	125,161	134,812		

The revenue contributed by FMCG customers, accounted for approximately HK\$107.1 million and HK\$84.8 million for the years ended 31 December 2014 and 31 December 2015 respectively, which accounted for approximately 79.5% and 67.7% of our total revenue for the corresponding periods respectively. The revenue from FMCG customers decreased by 20.9%. The decrement was mainly due to the decrease in revenue from our largest customer. The revenue from F&B increased from approximately HK\$6.3 million for the year ended 31 December 2014 to approximately HK\$18.1 million for the year ended 31 December 2015. The revenue from EHBA also recorded a sharp increment of approximately HK\$2.8 million or approximately 190.1% when compared with year ended 31 December 2014.

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.

Management Discussion and Analysis

Financial Review *(Continued)*

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 premises 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.

Management Discussion and Analysis

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).

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.

Management Discussion and Analysis

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.

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Yeung Kwong Fat (楊廣發), aged 63, was appointed as the Chairman of the Board, an Executive Director and the Chief Executive Officer of our Group on 4 September 2015. Mr. Yeung is also the chairman of the Nomination Committee. He is one of the founders of our Group and has been a director of World-Link Roadway System Company Limited since January 1994 and a director of World-Link Packing House Company Limited since July 2009. Mr. Yeung completed his secondary education in Hong Kong in July 1970. Since the establishment of the business of our Group, Mr. Yeung has accumulated over 25 years of experience in the logistics industry from managing the warehouse of our Group, negotiating business deals with clients and pitching the business of our Group to prospective customers. On top of the aforesaid, Mr. Yeung is currently also responsible for the overall corporate strategic planning, business development and major decision-making of our Group.

Mr. Lee Kam Hung (李鑑雄), aged 62, was appointed as an Executive Director of our Group on 4 September 2015. He is one of the founders of our Group and has been a director of World-Link Roadway System Company Limited since October 1990 and a director of World-Link Packing House Company Limited since March 1996. Mr. Lee completed his secondary education in Hong Kong in August 1971. Since the establishment of the business of our Group, Mr. Lee has accumulated over 25 years of experience in the logistics industry from managing the vehicle fleet and the transportation service of our Group. Since 2000, Mr. Lee has been the operation director of our Group, who is currently, on top of aforesaid, responsible for monitoring the business operations of our Group.

Mr. Luk Yau Chi Desmond (陸有志), aged 51, was appointed as an Executive Director on 4 September 2015. Mr. Luk is also one of the members of the Remuneration Committee. Mr. Luk has been a director of World-Link Roadway System Company Limited and World-Link Packing House Company Limited since July 2009. Since 2009, Mr. Luk has been the commercial director of our Group, who is responsible for overseeing the overall business development of our Group and the support service division of our Group.

Mr. Luk obtained a Bachelor's Degree of Science in Business Studies from the University of Wales in the United Kingdom in July 1989, a Master's Degree in Business Administration from the University of Surrey in the United Kingdom in November 2001 and a Continuing Education Diploma in Professional Management for China Business from the City University of Hong Kong in May 2003.

Mr. Luk has over 15 years of experience in the food and beverage, catering and logistics industries. From September 1997 to May 2004, Mr. Luk worked as a sales manager at Unilever Bestfoods Hong Kong Limited (formerly known as CPC/AJI (Hong Kong) Limited), which is a supplier of food products, and he was responsible for developing sales strategies and was in charge of (i) the sales team in Hong Kong and Macau; and (ii) the export division of the company. From June 2004 to February 2007, Mr. Luk worked as a senior manager and subsequently the associate director in HAVI Food Services (Hong Kong) Limited (currently known as HAVI Logistics Services (Hong Kong) Limited), a company principally engaged in providing total supply chain solutions to customers (e.g. transporting food and non-food logistics good, providing storage and handling services, offering supply chain quality management and demand and supply planning services), where he was responsible for handling customer relationship and business development of the company and setting up operations process flows for new customers. From December 2013 to November 2014, Mr. Luk was the managing director of a company principally engaged in pest control and provision of hygiene services to businesses where he was responsible for the overall business of the company.

Directors and Senior Management

Independent Non-executive Directors

Mr. Poon Ka Lee Barry (潘家利), aged 56, was appointed as an Independent Non-executive Director on 16 December 2015. He is the chairman of the Audit Committee and a member of the Nomination Committee.

Mr. Poon obtained a Professional Diploma in Accountancy from Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in November 1983 and a Master's Degree in Business Administration from the University of Manchester of the United Kingdom, in December 2002. He is currently an associate of the Hong Kong Institute of Certified Public Accountants and an associate of the Association of Chartered Certified Accountants. He has over 25 years of experience in audit, accounting and finance. From July 2010 to November 2015, Mr. Poon was an executive director, the chief financial officer and the company secretary of Telefield International (Holdings) Limited (Stock Code: 1143) ("Telefield"), a company listed on the Main Board of the Stock Exchange, and which is principally engaged in electronic manufacturing services, marketing and distribution of branded small and medium business phone systems, assembling and/or marketing and distribution of branded multimedia products and computer accessories, gaming and entertainment products. Mr. Poon was responsible for developing and implementing the strategic objectives and business plans of Telefield. Mr. Poon has been an independent non-executive director of On Time Logistics Holdings Limited (Stock Code: 6123) since June 2014, a company listed on the Main Board of the Stock Exchange, which is principally engaged in air and ocean freight forwarding, complemented by the general sales agency business and other services, including, warehousing, distribution, customs clearance and contract and ancillary logistics services. Mr. Poon was appointed as an independent non-executive director of Sunlink International Holdings Limited (Stock Code: 2336) from October 2009 to February 2012, a company listed on the Main Board of the Stock Exchange, and which is principally engaged in the sale of semiconductors and related products and development and provision of electronic turnkey device solutions. Mr Poon's appointment was subsequent to a winding-up petition against Sunlink International Holdings Limited which was filed in December 2008 and such petition was subsequently dismissed in February 2012.

Ms. Yam Ka Yue (任嘉裕), aged 28, was appointed as an Independent Non-executive Director on 16 December 2015. She is a member of the Audit Committee, Remuneration Committee and Nomination Committee.

Ms. Yam obtained a Bachelor's Degree of Commerce in Finance and a Bachelor's Degree of Science in Psychology from the University of New South Wales in Australia in March 2010 and a Master's Degree of Finance from the same university in March 2011.

From March 2011 to April 2012, Ms. Yam worked as an associate at Jades Capital Management Limited and was primarily responsible for performing middle office and administrative functions. From July 2012 to July 2013, she worked as an analyst of financial products business management of BOCI Securities Limited, the principal business of which is to offer investors with products and services such as sales and trading of equities and structured products, investment advisory and private wealth management. From July 2013 to March 2015, she worked as an associate in Look's Asset Management Limited, which was principally engaged in providing asset management service and investment advice to clients, and she was primarily responsible for performing investment analysis and operational duties. Ms. Yam is currently a research analyst at GfK Boutique Research, which is principally engaged in delivering solutions to decision makers in the consumer technology sectors to help them anticipate and monitor developments, and she is responsible for, inter alia, (i) analyzing and anticipating the handset market and the performance of the handset brands; and (ii) creating and compiling research reports for clients in the consumer technology sector.

Mr. How Sze Ming (侯思明), aged 39, was appointed as an Independent Non-executive Director on 16 December 2015. He is the chairman of the Remuneration Committee and a member of the Audit Committee.

Mr. How graduated from The Chinese University of Hong Kong with a Bachelor of Business Administration Degree (first class honour, majoring in professional accountancy) in December 1999. By profession, he is a fellow member of the Association of Chartered Certified Accountants and an associate member of Hong Kong Institute of Certified Public Accountants.

Directors and Senior Management

Mr. How has over 15 years of experience in investment banking and business assurance industries. From September 1999 to July 2002, Mr. How worked as a senior associate in the Assurance and Business Advisory Department of PricewaterhouseCoopers and was primarily responsible for performing assurance and business advisory work. From July 2002 to June 2003, he worked as the corporate finance executive of Tai Fook Securities Company Limited (now known as Haitong International Securities Company Limited), a company which was principally engaged in securities broking, securities dealing and leveraged foreign exchange trading, where he was responsible for corporate finance advisory. From July 2003 to December 2004, Mr. How worked as the assistant manager at Tai Fook Capital Limited (now known as Haitong International Capital Limited), a company principally engaged in corporate finance advisory, where he was responsible for corporate finance advisory. From December 2004 to May 2006, he worked as the assistant vice president of CCB International Capital Limited, a company principally engaged in securities advisory, securities dealing and corporate finance advisory, where he was responsible for corporate finance advisory. From June 2006 to March 2009, Mr. How worked as the assistant vice president in the Investment Banking Division of ICEA Capital Limited, a company principally engaged in dealing in securities and corporate finance advisory, where he was responsible for corporate finance advisory. From April 2009 to February 2010, he worked as the assistant vice president in the Investment Banking Division of ICBC International Holding Limited, a company principally engaged in investment banking, where he was responsible for corporate finance advisory. From February 2010 to June 2015, Mr. How was the managing director of the Investment Banking Department of CMB International Capital Corporation Limited, a company principally engaged in investment banking, securities brokerage and asset management, where he was responsible for corporate finance advisory. From July 2015 to January 2016, Mr. How was the managing director of Zhaobangji International Capital Limited, a company principally engaged in investment banking and advisory, where he is responsible for corporate finance advisory. Mr. How is currently the managing director/co-head of investment banking of Southwest Securities (HK) Capital Limited, a company principally engaged in investment banking and advisory, where he is responsible for corporate finance advisory.

Mr. How has been the independent non-executive director of (i) QPL International Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 243), since September 2013; (ii) Odella Leather Holdings Limited, a company listed on GEM (Stock Code: 8093), since January 2015; (iii) Forgame Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 484) since January 2016.

Please refer to the paragraph headed "Further information about Directors, management and staff" in Appendix IV to the prospectus for information regarding particulars of our Directors' service agreements and emoluments and information regarding their respective interests (if any) in the Shares of our Company within the meaning of Part XV of the SFO.

Save as disclosed above, each of our Directors confirms that (i) each of them has not held any directorships in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) each of them does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders of our Company; (iii) each of them does not have any interests in the Shares within the meaning of Part XV of the SFO; (iv) there are no other matters concerning all our Directors' appointment that need to be brought to the attention of our Shareholders and the Stock Exchange; and (v) there are no other matters which shall be disclosed pursuant to Rule 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules.

Senior Management

Ms. Leung Ho Yee (梁可怡), aged 30, is the financial controller and the Company Secretary of our Company. Ms. Leung joined our Group in August 2015. She is mainly responsible for our financial reporting, financial planning, treasury, financial control and company secretarial matters. Ms. Leung obtained a Bachelor's Degree of Arts in Accountancy with honours and a Master Degree of Corporate Governance from the Hong Kong Polytechnic University in 2007 and 2015 respectively. Ms. Leung has been a member of the Hong Kong Institute of Certified Public Accountants since 2011 and an associate of the Hong Kong Institute of Chartered Secretaries since 2015. Ms. Leung has not held any directorship in any public listed company in the past three years.

Directors and Senior Management

Prior to joining our Group, Ms. Leung joined Deloitte Touche Tohmatsu as an associate in the audit department in September 2007 and was promoted to the position of senior auditor in the same department before she left the firm in March 2011. From March 2011 to October 2011, Ms. Leung worked as a management accountant at Jacobs China Limited. From January 2012 to December 2014, she worked as an accountant at Bossini Enterprises Limited, a subsidiary of Bossini International Holdings Limited (a company listed on the Main Board of the Stock Exchange (Stock Code: 592)). From December 2014 to August 2015, she worked as a financial analyst at Arrow Asia Pac Limited.

Mr. Chan Fu Yuen (陳富元), aged 36, is the operations manager of our Group since July 2014, now leading a team processing daily deliveries, ensuring customer satisfaction and quality service. He has joined our Group since November 2012 and has had over 10 years of experience in logistics and supply chains prior to joining our Group. Mr. Chan has received a Bachelor's Degree of Science in Shipping Technology and Management and a Master's Degree in Industrial Logistics System, both from the Hong Kong Polytechnic University in 2001 and 2006 respectively.

Prior to joining our Group, Mr. Chan worked as the assistant supervisor at River Trade Terminal Co. Ltd. from August 2001 to February 2003. From May 2003 to March 2008, Mr. Chan worked as an assistant manager at T.S. Lines Limited. From July 2008 to January 2009, he worked as a supply chain analyst at Woolworths Group Asia Limited. From March 2009 to November 2012, he worked as a supply chain manager at Transnational Logistics Solutions (HK) Limited.

Mr. Wong Yiu Kwong (黃耀光), aged 61, is the customisation manager of our Company. Mr. Wong has joined our Group since October 2011, and is mainly responsible for managing the overall operation of the customisation department of our Group.

Prior to joining our Group, Mr. Wong worked as a unit manager in the consumer sales and channel department at Pacific Century Cyber Works Limited (currently known as PCCW Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 8)) from October 1973 to 5 December 2001. From August 2004 to October 2011, he worked as the team leader in the teleservices unit of HKT Services Limited, a subsidiary of HKT Limited (a company listed on the Main Board of the Stock Exchange (Stock Code: 6823)).

Ms. Ng Fung Sze, Frances (吳鳳斯), aged 46, is the commercial manager of our Group. She has joined our Group since September 1991, and has been appointed as our commercial manager since July 2011. She is in charge of leading the operations team in daily distributions and preparing analytical reports of operations for our Group. Ms. Ng obtained a Bachelor's Degree of Business in Transport Management at the Royal Melbourne Institute of Technology in August 2002.

Save as disclosed above, during the three years preceding the date of this report, none of our senior management held any directorships in any public companies whose securities are listed on any securities market in Hong Kong or overseas. None of our senior management has any relationship with other Directors, senior management and Controlling Shareholders of our Company.

Company Secretary

Ms. Leung Ho Yee is the Company Secretary of our Company. Details of her qualifications and experience are set out in the paragraph headed "Senior management" in this section above.

CORPORATE GOVERNANCE REPORT

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 annual report, the Company has complied with all the code provision (except for the deviation from code provision A.2.1) 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 officer 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.

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.

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.

A deed of non-competition (the "Deed of Non-competition") dated 16 December 2015 was executed in favour of the Company (for itself and as trustee for each of its subsidiaries) by Mr. Yeung Kwong Fat, Mr. Lee Kam Hung, Mr. Luk Yau Chi, Desmond, Orange Blossom International Limited, Best Matrix Global Limited and Leader Speed Limited (collectively the "Controlling Shareholders") regarding certain non-competition undertakings. The details of the Deed of Non-competition have been disclosed in the Prospectus under the section headed "Relationship with our Controlling Shareholders".

During the reporting period, the Independent Non-executive Directors have reviewed on behalf of the Company the compliance with the Deed of Non-competition and are satisfied that the Controlling Shareholders and their associates have complied with the provisions of the Deed of Non-Competition.

Corporate Governance Report

The Board of Directors

The directors of the Company during the year and up to the date of this report were:

Executive directors

Mr. Yeung Kwong Fat (*Chairman and CEO*)
Mr. Lee Kam Hung
Mr. Luk Yau Chi, Desmond

Independent non-executive directors

Mr. Poon Ka Lee, Barry (appointed on 16 December 2015)
Mr. How Sze Ming (appointed on 16 December 2015)
Ms. Yam Ka Yue (appointed on 16 December 2015)

Details of the Chairman and the other Directors of the Company are set out in the section "Directors and Senior Management" of this report.

In compliance with rule 5.05A, 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed three Independent Non-executive Directors representing more than one-third of the board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. The Company has received from each Independent Non-executive Director an annual confirmation of his/her independence, and the Company considers such directors to be independent in accordance with the various guidelines set out in rule 5.09 of the GEM Listing Rules.

With the various experience of both the Executive Directors and the Independent Non-executive Directors and the nature of the Group's business, the board considered that the directors have a balance of skills and experience for the business of the Group.

Functions of the Board

The principal functions of the Board include:

- reviewing, approving and monitoring fundamental financial and business strategies and major corporate actions;
- approving major acquisitions or disposals, corporate or financial restructuring, issuance of the Company's shares ("Shares") and other equity or debt instruments, payment of dividends and other distribution to the Group's shareholders;
- assessing the risks facing the Group and reviewing and implementing appropriate measures to manage such risks;
- selecting and evaluating the performance and compensation of key management executives;
- approving nominations to the Board;
- reviewing and endorsing the recommended framework of remuneration of the Board and key management executives by the Remuneration Committee; and
- assuming overall responsibility for corporate governance.

According to the code provision C.1.2 of the CG Code, the management shall provide all members of the Board with monthly updates. During the year ended 31 December 2015, the Executive Directors have provided, and will continue to provide, to all Independent Non-executive Directors updates on any material changes to the position and prospects of the Group, which are considered to be sufficient to provide general updates of the Group's performance, position and prospects to the Board and allow them to give a balanced and understandable assessment of the same to serve the purpose required by the code provision C.1.2.

Corporate Governance Report

Terms of Appointment and Re-Election of Directors

Each of the executive directors has entered into an appointment letter with the Company for an initial term of three years commencing from 16 December 2015 subject to early removal from office in accordance with the Articles, and retirement and re-election provisions in the Articles.

Under the code provision A.4.1 of the CG Code, the Independent Non-executive Directors should be appointed for a specific term subject to re-election. Each of the Independent Non-executive Directors has entered into an appointment letter with the Company for an initial term of one year commencing from 16 December 2015 subject to early removal from office in accordance with the Articles, and retirement and re-election provisions in the Articles.

None of the Directors (including those proposed for re-election at the Annual General Meeting) has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The Article 108 of the Articles provide that subject to the manner of retirement by rotation of directors as from time to time prescribed by the GEM Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years.

Continuous Professional Development

According to the code provision A.6.5 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant.

During the year ended 31 December 2015, all the Directors have participated in continuous professional development and the relevant details are set out below:

Name of Directors	Attending seminar(s)/ Reading relevant materials in relation to the business or directors' duties Yes/No
Executive directors	
Mr. Yeung Kwong Fat (<i>Chairman and CEO</i>)	Yes
Mr. Lee Kam Hung	Yes
Mr. Luk Yau Chi, Desmond	Yes
Independent non-executive directors	
Mr. Poon Ka Lee, Barry (appointed on 16 December 2015)	Yes
Mr. How Sze Ming (appointed on 16 December 2015)	Yes
Ms. Yam Ka Yue (appointed on 16 December 2015)	Yes

Corporate Governance Report

Independent Non-executive Directors

The Company has three Independent Non-executive Directors to comply with Rule 5.05 of the GEM Listing Rules. Furthermore, among the three Independent Non-executive Directors, Mr. Poon Ka Lee, Barry and Mr. How Sze Ming has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 5.05(2) of the GEM Listing Rules. In accordance to Rule 5.09 of the GEM Listing Rules, the Company has received from each of its Independent Non-executive Directors the written confirmation of his/her independence. The Company, based on such confirmations, considers Mr. Poon Ka Lee, Barry, Ms. Yam Ka Yue and Mr. How Sze Ming to be independent.

Board Committees

During the year ended 31 December 2015, to assist the board in its work, the Board is assisted by three board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, which are sufficiently resourced to fulfil their roles and their terms of reference have been approved by the Board and are available for review on the Company's website <http://www.world-linkasia.com> and the GEM's website (www.hkgem.com).

Audit Committee

Our Company has established an Audit Committee on 16 December 2015 in compliance with Rule 5.28 of the GEM Listing Rules. The Audit Committee 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. Written terms of reference in compliance with paragraph C.3.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules have been adopted. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control and risk management systems of our Group.

Remuneration Committee

Our Company established a Remuneration Committee on 16 December 2015 which comprises Mr. How Sze Ming, Mr. Luk and Ms. Yam Ka Yue, with Mr. How Sze Ming being the chairman. Written terms of reference in compliance with paragraph B.1.3 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules have been adopted. The primary duties of the Remuneration Committee are, among other things, to determine the specific remuneration packages of all Executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of Independent Non-executive Directors.

Remuneration policy

The remuneration policy of the Group to reward its employees and executives is based on their performance, qualifications, competence displayed and market comparable. Remuneration package typically comprises of salaries, contribution to pension schemes and discretionary bonuses. The Remuneration Committee will review annually the remuneration of all Directors to ensure that it is attractive enough to attract and retain a competent team of executive members.

The Directors receive remuneration in the form of salaries, allowances, discretionary bonuses and contribution to pension scheme. The Director's fee for each of the Directors is subject to the Board's review from time to time in its discretion after taking into account the recommendation of the Remuneration Committee. The remuneration package of each of the Directors is determined by reference to market terms, seniority, experiences, duties and responsibilities of that Director within the Group.

Corporate Governance Report

Board Committee *(Continued)*

Nomination Committee

Our Company has established a Nomination Committee on 16 December 2015 with written terms of reference. The Nomination Committee comprises Mr. Yeung, Mr. Poon Ka Lee Barry and Ms. Yam Ka Yue, with Mr. Yeung being the chairman. Written terms of reference in compliance with paragraph A.5.2 of the Corporate Governance Code as set out in Appendix 15 to GEM Listing Rules have been adopted. The Nomination Committee is mainly responsible for making recommendations to the Board on appointment of Directors and succession planning for our Directors.

Attendance Records of Meetings

The Board is scheduled to meet regularly at least four times a year, and Directors will receive at least 14 days prior written notice of such meetings in compliance with code provision A.1.1 of the Code. Agendas and accompanying papers are sent not less than 3 days before the date of Board meetings to ensure that the Directors are given sufficient time to review the same.

The Company was listed on 29 December 2015. There was no board meeting held from the Listing to 31 December 2015. There was neither Audit Committee, Nomination Committee nor Remuneration Committee meeting held from the Listing to December 31, 2015.

Accountability and Audit

Directors' and auditor's responsibilities for the consolidated financial statements

All Directors acknowledge their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for the year ended 31 December 2015, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements of the Group on a going concern basis.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The statement of auditor about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report. The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Auditor's remuneration

During the year ended 31 December 2015, the remuneration paid or payable to the Company's auditor, Messrs. Deloitte Touche Tohmatsu, in respect of their audit and non-audit services was as follows:

	HK\$
Audit services	980,000
Non-audit services	2,339,000
Total	3,319,000

Corporate Governance Report

Accountability and Audit *(Continued)*

Internal Control and Risk Management

The Board acknowledges its responsibility for the effectiveness of the Group's internal control and risk management systems. The Board has reviewed the effectiveness of the systems of internal control and risk management of the Group, covering all material controls, including financial and operation for the year ended 31 December 2015. As disclosed in the Company's prospectus dated 22 December 2015, the Company has established a Corporate Governance Department to conduct periodic internal control reviews and legal compliance reviews on the Group's operations and to present its reports, including any remedial plans, if deemed necessary or appropriate, to the Audit Committee for consideration. Under this system, the Audit Committee, after due consideration, will present its recommendations on such remedial plans to the Board, which would make the final decision on the implementation of such remedial plans.

Investors and shareholders relations

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include (i) the publication of quarterly, interim and annual reports; (ii) the annual general meeting or extraordinary general meeting providing a forum for shareholders to raise comments and exchanging views with the Board; (iii) updated and key information of the Group available on the websites of GEM and the Company; (iv) the Company's website offering communication channel between the Company and its shareholders and investors; and (v) the Company's share registrars in Hong Kong serving the shareholders in respect of all share registration matters.

The Company aims to provide its shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to provide clear, detailed, timely manner and on a regular basis information of the Group to shareholders through the publication of quarterly, interim and annual reports and/or dispatching circulars, notices, and other announcements.

The Company strives to take into consideration its shareholders' views and inputs, and address shareholders' concerns. Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice shall be given. The chairman of the Board as well as chairmen of the Audit Committee, the Nomination Committee and the Remuneration Committee, or in their absence, the Directors are available to answer shareholders' questions on the Group's businesses at the meeting. To comply with code provision E.1.2 of the CG Code, the management will ensure the external auditor to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

All shareholders have statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by shareholders. According to Article 64 of the Articles, one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings can call for an extraordinary general meeting. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

If a shareholder wishes to propose a person (the "Candidate") for election as a director of the Company at a general meeting, he/she shall deposit a written notice (the "Written Notice") to the Company's principal place of business in Hong Kong at 3/F, Allied Cargo Centre, 150-164 Texaco Road, Tsuen Wan, N.T.

The Written Notice (i) must include the personal information of the Candidate as required by Rule 17.50(2) of the GEM Listing Rules; and (ii) must be signed by the shareholder concerned and signed by the Candidate indicating his/her willingness to be elected and consent of the publication of his/her personal information.

The period for lodgment of the Written Notice shall commence on the day after the dispatch of the notice of general meeting and end no later than 7 days prior to the date of such general meeting.

Corporate Governance Report

In order to ensure the Company's shareholders have sufficient time to receive and consider the proposal of election of the Candidate as a director of the Company without adjourning the general meeting, shareholders are urged to submit and lodge the Written Notice as early as practicable preferably at least 15 business days prior to the date of the general meeting appointed for such election.

In order to promote effective communication, the Company also maintains website (www.world-linkasia.com) which includes the latest information relating to the Group and its businesses.

Company secretary

Ms. Leung Ho Yee has been appointed as the Company Secretary of the Company with effect from 10 August 2015 and the Authorised Representative with effect from 4 September 2015. She is a certified public accountant as defined in the Professional Accountants Ordinance. Ms. Leung Ho Yee has confirmed that she has taken no less than 15 hours of relevant professional training during the year ended 31 December 2015.

Compliance officer

Mr. Luk was appointed as the Compliance Officer of the Company on 4 September 2015. Please refer to the paragraph headed "Executive Directors" in the section of "Directors and senior management" for his profile.

Significant Changes in Constitutional Documents

There were no significant changes in the constitutional documents of the Company for the year ended 31 December 2015.

REPORT OF THE DIRECTORS

The directors present their first annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2015.

Corporate Reorganisation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 27 July 2015 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office and the principal place of business is disclosed in the section “Corporate Information” in the annual report.

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 become a wholly-owned subsidiary 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.

Principal Activities

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 27 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 31.

A special dividend of HK4.17 cents per share amounting to approximately HK\$15,000,000 was declared and paid to shareholders of the Company whose names appear on the register of members on 17 December 2015. No final dividend for the year ended 31 December 2015 is proposed by the Board.

Annual General Meeting

The forthcoming annual general meeting (the “Annual General Meeting”) of the Company is scheduled to be held on 16 June 2016. A notice convening the Annual General Meeting will be issued and dispatched to shareholders of the Company (the “Shareholders”) on 16 May 2016.

The register of members of the Company will be closed from 14 June 2016 to 16 June 2016 (both dates inclusive) during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at 22/F, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:00 p.m. on 13 June 2016.

Report of the Directors

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 loans drawn down from a financial institution prior to Listing. The bank loans have been used to settle our amounts due to Directors of approximately HK\$18.0 million as at 31 October 2015, pay a special dividend, and to provide funds to strengthen our general working capital. The reason for using bank loans, notwithstanding that interest is payable, is mainly to provide flexibility on the cash flow of our Group. The interest rate of the loans is 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 annual report, the Directors do not anticipate any change to the plan as to use of proceeds and the Group had repaid HK\$10 million of the bank loan in January 2016. The unused net proceeds were placed with banks in Hong Kong.

Reserves

Details of movements in the reserves of the Group during the year ended 31 December 2015 are set out in the consolidated statement of changes in equity in this annual report.

Financial Summary

A summary of the results, assets and liabilities of the Group for the last three financial years is set out on page 62.

Major Customers and Suppliers

The Group's largest customer contributed 62% of the total revenue for the year while the Group's five largest customers accounted for 89% of the total revenue for the year.

Since the Group has a very wide supplier base, the aggregate purchase attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases for the year.

None of the Directors, their respective close associates (as defined in the GEM Listing Rules) or any shareholders (which to the best knowledge of the Directors, own more than 5% of the Company's issued shares) had any beneficial interest in any of the Group's five largest customers or suppliers referred to above.

Report of the Directors

Purchase, Sale or Redemption of the Company's Listed Securities

At no time during the year, did the Company nor any of its subsidiaries purchase, sell or redeem any of the Company's listed securities.

Sufficiency of Public Float

Throughout the year ended 31 December 2015 until the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital is held by the public.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-Laws, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Share Capital

Details of the Company's share capital are set out in note 21 to the consolidated financial statements.

Distributable Reserves of the Company

Share premium, capital reserve and retained profit of the Company are available for distribution to ordinary shareholders provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid. Accordingly, the Company's reserves available for distribution to shareholders at 31 December, 2015 amounted to approximately HK\$75,701,000.

Directors

The Directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Yeung Kwong Fat (*Chairman and CEO*)

Mr. Lee Kam Hung

Mr. Luk Yau Chi, Desmond

Independent Non-executive Directors

Mr. Poon Ka Lee, Barry (appointed on 16 December 2015)

Mr. How Sze Ming (appointed on 16 December 2015)

Ms. Yam Ka Yue (appointed on 16 December 2015)

Appointment and re-election of Directors

The current Articles provide that subject to the manner of retirement by rotation of directors as from time to time prescribed by the GEM Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years.

Under the code provision A.4.1 of the CG Code, the Non-executive Directors should be appointed for a specific term. Each of the executive Directors has entered into an appointment letter with the Company for an initial term of three years and each of the Independent Non-executive Director has entered into an appointment letter with the Company for an initial term of one year commencing from 16 December 2015 subject to early removal from office in accordance with the Articles, and subject to the retirement and re-election provisions in the Articles.

Report of the Directors

Directors' Service Contracts

Each of the Executive Directors has entered into an appointment letter with the Company for an initial term of three years commencing from 16 December 2015 subject to early removal from office in accordance with the Articles, and retirement and re-election provisions in the Articles. Each of the Independent Non-executive Directors has entered into an appointment letter with the Company for an initial term of one year commencing from 16 December 2015 subject to early removal from office in accordance with the Articles, and retirement and re-election provisions in the Articles.

None of the Directors (including those proposed for re-election at the Annual General Meeting) has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Independent Non-Executive Directors' Confirmation of Independence

The Company received, from each of the Independent Non-executive Directors, Mr. Poon Ka Lee, Barry, Mr. How Sze Ming and Ms. Yam Ka Yue, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee assessed the independence of the Independent Non-executive Directors and affirmed that all Independent Non-executive Directors remained independent.

Directors' and Chief Executives' Interests in Shares

As at 31 December 2015, the Directors and their associates had the following interests or short positions in shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies:

Interests in the Company

Name of director	Capacity	Number of shares held			Percentage of Company's issued share capital
		Personal interests	Other interests	Total interests	
Mr. Yeung Kwong Fat (Note 1,2)	Interest in a controlled corporation; interests held jointly with another person	–	349,200,000	349,200,000	72.75
Mr. Lee Kam Hung (Note 1,3)	Interest in a controlled corporation; interests held jointly with another person	–	349,200,000	349,200,000	72.75
Mr. Luk Yau Chi, Desmond (Note 1,4)	Interest in a controlled corporation; interests held jointly with another person	–	349,200,000	349,200,000	72.75

Notes:

1. On 24 August 2015, Mr. Yeung, Mr. Lee, and Mr. Luk entered into a confirmatory deed to acknowledge and confirm, among other things, that they are parties acting in concert with each of the members of our Group. As such, pursuant to the parties acting in concert arrangement, each of the controlling shareholders of our Group, i.e. Best Matrix Global Limited (being wholly owned by Mr. Lee), Mr. Lee, Orange Blossom International Limited (being wholly owned by Mr. Yeung), Mr. Yeung, Leader Speed Limited (being wholly owned by Mr. Luk) and Mr. Luk, is deemed to be interested in 72.75% of the issued share capital of our Company.

Report of the Directors

Directors' and Chief Executives' Interests in Shares (Continued)

2. 349,200,000 Shares in which Mr. Yeung is interested consist of (i) 135,360,000 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) 213,840,000 Shares in which Mr. Yeung is deemed to be interested as a result of being a party acting-in-concert with Mr. Lee and Mr. Luk.
3. 349,200,000 Shares in which Mr. Lee is interested consist of (i) 144,000,000 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) 205,200,000 Shares in which Mr. Lee is deemed to be interested as a result of being a party acting-in-concert with Mr. Yeung and Mr. Luk.
4. 349,200,000 Shares in which Mr. Luk is interested consist of (i) 69,840,000 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) 279,360,000 Shares in which Mr. Luk is deemed to be interested as a result of being a party acting-in-concert with Mr. Lee and Mr. Yeung.

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 2015, 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 required standards of dealing by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

Substantial Shareholders' Interests in Shares

As at 31 December 2015, the following persons (other than directors or chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity	Number of Shares/ underlying Shares held	Percentage of Company's issued share capital
Best Matrix Global Limited (Note 1)	Beneficial owner; interests held jointly with another person	349,200,000	72.75%
Leader Speed Limited (Note 1)	Beneficial owner; interests held jointly with another person	349,200,000	72.75%

Report of the Directors

Substantial Shareholders' Interests in Shares (Continued)

Name of shareholder	Capacity	Number of Shares/ underlying Shares held	Percentage of Company's issued share capital
Orange Blossom International Limited (Note 1)	Beneficial owner; interests held jointly with another person	349,200,000	72.75%
Ms. Law Wai Yee (Note 2)	Interest of spouse	349,200,000	72.75%
Ms. Chan Pik Shan (Note 3)	Interest of spouse	349,200,000	72.75%
Ms. Wong Soo Fung (Note 4)	Interest of spouse	349,200,000	72.75%

Notes:

1. On 24 August 2015, Mr. Yeung, Mr. Lee, and Mr. Luk entered into a confirmatory deed to acknowledge and confirm, among other things, that they are parties acting in concert with each of the members of our Group. As such, pursuant to the parties acting in concert arrangement, each of the controlling shareholders of our Group, i.e. Best Matrix Global Limited (being wholly owned by Mr. Lee), Mr. Lee, Orange Blossom International Limited (being wholly owned by Mr. Yeung), Mr. Yeung, Leader Speed Limited (being wholly owned by Mr. Luk) and Mr. Luk, is deemed to be interested in 72.75% of the issued share capital of our Company.
2. Ms. Law Wai Yee is the spouse of Mr. Yeung and is deemed, or taken to be, interested in Shares in which Mr. Yeung has interest under the SFO.
3. Ms. Chan Pik Shan is the spouse of Mr. Lee and is deemed, or taken to be, interested in Shares in which Mr. Lee has interest under the SFO.
4. Ms. Wong Soo Fung is the spouse of Mr. Luk and is deemed, or taken to be, interested in Shares in which Mr. Luk has interest under the SFO.

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 2015.

Arrangements to Purchase Shares or Debentures

At no time during the year 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 the year or at any time during the year.

Emolument Policy

The Remuneration Committee reviews the Group's emolument policy and structure for remuneration of the directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market statistics.

Report of the Directors

Permitted Indemnity Provisions

At no time during the year ended 31 December 2015 and up to the date of this Directors' Report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors of the Company (whether made by the Company or otherwise), or an associated company (if made by the Company).

An associated company is defined in Section 2(1) of the Hong Kong Companies Ordinance.

Remuneration of Directors and Five Individuals with Highest Emoluments

Details of the remuneration of the Directors and the five highest paid individuals for the year are set out in note 8 to the consolidated financial statements respectively.

Corporate Governance

The Company has complied with all code provisions (except for the deviation from CG code provision A.2.1) as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules throughout the year.

Further information on the Company's corporate governance practices is set out in the "Corporate Governance Report" from pages 15 to 21.

Environmental, Society and Corporate Responsibility

The Group is committed to support environmental protection to ensure business development and sustainability. We implement green office practices to reduce the consumption of energy and natural resources. These practices include the use of energy-saving lightings and recycled paper, reduce energy consumption by switching off idle lightings, computers and electrical appliances and the use of environmentally friendly products whenever possible.

The Company has complied with all relevant laws and regulations which include the Companies Law of the Cayman Islands and the GEM Listing Rules and maintained good relationship with its customers, employees and investors.

Auditor

In January 2016, the Company appointed Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Yeung Kwong Fat

Chairman and Chief Executive Officer

Hong Kong, 10 March 2016

INDEPENDENT AUDITOR'S REPORT



TO THE MEMBERS OF 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)

We have audited the consolidated financial statements of World-link Logistics (Asia) Holding Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 61, which comprise the consolidated statement of financial position as at 31 December 2015, and 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 then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the applicable disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

10 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Revenue	6	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)
Profit before taxation		2,706	25,093
Income tax expense	9	(2,556)	(3,677)
Total profit and other comprehensive income for the year	10	150	21,416
Earnings per share (HK cents)	12	0.04	5.95

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 HK\$'000	2014 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	3,001	3,341
Rental deposits	14	5,759	5,639
Deferred tax assets	15	736	650
		9,496	9,630
Current assets			
Trade and other receivables	16	29,494	36,086
Tax recoverable		1,600	1,494
Bank balances and cash	17	54,553	10,240
		85,647	47,820
Current liabilities			
Trade and other payables and accrued expenses	18	7,173	3,691
Unsecured bank borrowings	19	25,000	–
Amounts due to directors	20	–	30,136
		32,173	33,827
Net current assets		53,474	13,993
Total assets less current liabilities		62,970	23,623
Non-current liability			
Provision for long service payments		679	632
NET ASSETS		62,291	22,991
CAPITAL AND RESERVES			
Share capital	21	4,800	10
Reserves		57,491	22,981
TOTAL EQUITY		62,291	22,991

The consolidated financial statements on pages 31 to 61 were approved and authorised for issue by the Board of Directors on 10 March 2016 and are signed on its behalf by:

Mr. Yeung Kwong Fat
DIRECTOR

Mr. Lee Kam Hung
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company				
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2014	10	–	–	1,565	1,575
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 (<i>note 1</i>)	(10)	–	10	–	–
Special dividend for the year ended 31 December 2015 (<i>note 11</i>)	–	–	–	(15,000)	(15,000)
Capitalisation issue (<i>note 21</i>)	3,600	(3,600)	–	–	–
Issue of shares (<i>note 21</i>)	1,200	58,800	–	–	60,000
Cost of issuing new shares	–	(5,850)	–	–	(5,850)
At 31 December 2015	4,800	49,350	10	8,131	62,291

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 HK\$'000	2014 HK\$'000
OPERATING ACTIVITIES		
Profit before taxation	2,706	25,093
Adjustments for:		
Depreciation of property, plant and equipment	2,138	2,072
Interest on bank borrowings	15	–
Interest income	(14)	(23)
Loss on disposal of property, plant and equipment	16	–
Operating cash flows before movements in working capital	4,861	27,142
Increase in rental deposits	(120)	(114)
Decrease (increase) in trade and other receivables	6,592	(2,241)
Increase (decrease) in trade and other payables and accrued expenses	3,514	(1,859)
Increase in amounts due to directors	410	411
Net cash generated from operations	15,257	23,339
Hong Kong Profits Tax paid	(2,748)	(7,131)
NET CASH FROM OPERATING ACTIVITIES	12,509	16,208
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,814)	(455)
Interest received	14	23
Proceeds on disposal of property, plant and equipment	–	1
NET CASH USED IN INVESTING ACTIVITIES	(1,800)	(431)
FINANCING ACTIVITIES		
Proceeds from new shares issued	60,000	–
Share issue expenses	(5,850)	–
New bank borrowings raised	25,000	–
Repayment to directors	(30,546)	(27,969)
Dividends paid	(15,000)	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES	33,604	(27,969)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	44,313	(12,192)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	10,240	23,432
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	54,553	10,240

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. General and Basis of Preparation

The Company is incorporated in the Cayman Islands as an exempted company with limited liability on 27 July 2015 and its shares are listed on 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, which is the same as the functional currency of the Company.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in the integrated logistic service and packing services. Particular of the subsidiaries are set out in note 27.

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 have 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 years ended 31 December 2014 and 2015. 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 HKAS 19
Amendments to HKFRSs
Amendments to HKFRSs

Defined Benefit Plans: Employee Contributions
Annual Improvements to HKFRSs 2010 - 2012 Cycle
Annual Improvements to HKFRSs 2011 - 2013 Cycle

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

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. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristic of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are within the scope of HKAS 17 “Leases”, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Significant Accounting Policies *(Continued)*

In addition, for financial reporting purpose, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Significant Accounting Policies (Continued)

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts.

Revenue from service income is recognised when the services are delivered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Significant Accounting Policies *(Continued)*

Impairment losses

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Significant Accounting Policies (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before taxation” as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Retirement benefit costs

Payments to the retirement contribution scheme and Mandatory Provident Fund Scheme (“MPF Scheme”) are charged as an expense when employees have rendered service entitling them to the contributions.

Provision for long service payments are recognised as an expense when employees have rendered services entitling them upon their retirement. The amount recognised represents the difference between the statutory requirement entitling the employees and the contributions made to the retirement contribution scheme/MPF Scheme. The amount is reviewed on an annual basis and adjusted as appropriate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Significant Accounting Policies (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest income/expense is recognised on an effective interest basis.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of loans and receivables below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of loans and receivables, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the loans and receivables' original effective interest rate.

The carrying amount of loans and receivables is reduced by the impairment loss directly for all loans and receivables with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance amount. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the loans and receivable at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including trade and other payables, amounts due to directors and unsecured bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimated future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2015, the carrying amount of trade receivables is approximately HK\$27,469,000 (2014: HK\$34,665,000). No impairment loss on trade receivables was recognised during both years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

5. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes amounts due to directors and the unsecured bank borrowings as disclosed in note 20 and 19, respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, share premium, retained profits and other reserves.

The directors of the Company review the capital structure on a regular basis by considering the cost of capital and the risks associated with each class of capital. Based on recommendation of directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt and the redemption of existing debt.

6. Revenue

	2015 HK\$'000	2014 HK\$'000
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
	125,161	134,812

7. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

7. Segment Information (Continued)

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

For the year ended 31 December 2014

	Logistics solutions business HK\$'000	Customisation services HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Total HK\$'000
Revenue					
External sales	104,652	39,760	144,412	(9,600)	134,812
Results					
Segment results	13,243	11,850			25,093
Profit before taxation					25,093

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represents profit earned from each segment without allocation of listing expenses and certain 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

7. Segment Information (Continued)

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	1,671	467	2,138

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	1,579	493	2,072

Geographical information

The Group's operations are located in Hong Kong.

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	78,187	97,739

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

8. Directors' Remuneration

(a) Directors' and the chief executive's emoluments

Details of the emoluments paid or payable by the entities comprising the Group to the directors and the chief executive of the Company are as follows:

For the year ended 31 December 2015

Name of director	Fee HK\$'000	Salaries and other allowances HK\$'000	Performance related incentive payments HK\$'000 (note ii)	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Executive directors (note i)					
Mr. Yeung (note ii)	–	780	–	78	858
Mr. Lee	–	–	130	78	208
Mr. Luk	–	480	–	14	494
Independent non- executive directors (note iii)					
Mr. Poon Ka Lee, Barry	9	–	–	–	9
Mr. How Sze Ming	9	–	–	–	9
Ms. Yam Ka Yue	9	–	–	–	9
	27	1,260	130	170	1,587

For the year ended 31 December 2014

Name of director	Fee HK\$'000	Salaries and other allowances HK\$'000	Performance related incentive payments HK\$'000 (note ii)	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Mr. Yeung	–	780	–	78	858
Mr. Lee	–	–	130	78	208
Mr. Luk	–	480	–	15	495
	–	1,260	130	171	1,561

Notes:

- (i) The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.
- (ii) Mr. Yeung is the Chief Executive Officer of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive Officer.
- (iii) The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.
- (iv) Performance related incentive payments were determined based the Group's operating results and future plans and individual performance.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

8. Directors' Remuneration (Continued)

(b) Employees' emoluments

The five highest paid individuals of the Group for the year include 2 (2014: 2) individuals who were appointed as Directors of the Company. The emoluments of the remaining 3 (2014: 3) individuals for the year are as follows:

	2015 HK\$'000	2014 HK\$'000
Salaries and other allowances	1,266	1,126
Performance related incentive payments	87	164
Retirement benefit scheme contributions	61	60
	1,414	1,350

The emoluments of each employee (among the five highest paid individuals) were less than HK\$1,000,000 during the year.

During the year, no emoluments were paid by the Group to any of the Directors of the Company or the Chief Executive of the Group or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors of the Company or the Chief Executive of the Group waived any emoluments during both years.

9. Income Tax Expense

	2015 HK\$'000	2014 HK\$'000
The charge (credit) comprises:		
Hong Kong Profits Tax – current year	2,642	4,327
Deferred taxation (note 15)	(86)	(650)
	2,556	3,677

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

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of comprehensive income as follows:

	2015 HK\$'000	2014 HK\$'000
Profit before taxation	2,706	25,093
Tax at Hong Kong Profits Tax rate of 16.5%	446	4,140
Tax effect of expenses not deductible for tax purposes	2,123	37
Tax effect of income not taxable for tax purposes	(10)	(4)
Tax effect of deductible temporary difference previously not recognised	(3)	(456)
Tax concession	–	(40)
Income tax expense for the year	2,556	3,677

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

10. Profit for the Year

	2015 HK\$'000	2014 HK\$'000
Profit for the year has been arrived at after charging (crediting):		
Auditors' remuneration – current year	3,319	77
Directors' remunerations:		
– Fees	27	–
– Other emoluments, salaries and other benefits	1,390	1,390
– Retirement benefit scheme contributions	170	171
Other staff salaries and allowances	1,587	1,561
Retirement benefit scheme contributions, excluding those of directors	32,886	33,930
Total employee benefits expenses	1,423	1,495
Bank interest income	35,896	36,986
Loss on disposal of property, plant and equipment	(14)	(23)
	16	–

11. Dividends

In December 2015, the Company has declared and paid a dividend of HK\$15,000,000 to the individual shareholders of the Company whose names appear in the register of members on 17 December 2015.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

12. Earnings Per Share

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

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

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 21).

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

13. Property, Plant and Equipment

	Plant and machinery HK\$'000	Furniture and equipment HK\$'000	Office equipment HK\$'000	Leasehold improvement HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST						
At 1 January 2014	3,753	9,871	941	179	3,761	18,505
Additions	91	225	139	–	–	455
Disposals	(483)	(540)	(92)	–	–	(1,115)
At 31 December 2014	3,361	9,556	988	179	3,761	17,845
Additions	419	264	321	222	588	1,814
Disposals	(195)	(91)	(16)	–	–	(302)
At 31 December 2015	3,585	9,729	1,293	401	4,349	19,357
DEPRECIATION						
At 1 January 2014	3,350	5,918	608	179	3,491	13,546
Provided for the year	193	1,488	215	–	176	2,072
Eliminated on disposals	(483)	(540)	(91)	–	–	(1,114)
At 31 December 2014	3,060	6,866	732	179	3,667	14,504
Provided for the year	241	1,465	167	92	173	2,138
Eliminated on disposals	(192)	(79)	(15)	–	–	(286)
At 31 December 2015	3,109	8,252	884	271	3,840	16,356
CARRYING VALUES						
At 31 December 2015	476	1,477	409	130	509	3,001
At 31 December 2014	301	2,690	256	–	94	3,341

The above items of property, plant and equipment are depreciated on a straight-line basis as follows:

Plant and machinery	10% per annum
Furniture and equipment	20% per annum
Office equipment	20% – 25% per annum
Leasehold improvement	Over the period of the relevant lease
Motor vehicles	30% per annum

14. Rental Deposits

The balances represent rental deposits placed by the Group in connection with its rented premises. The relevant leases will expire after one year from the end of the respective reporting period, or if the remaining lease term is less than one year, the Group has the positive intention to renew the leases upon expiry. Therefore, the balances are classified as non-current.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

15. Deferred Tax Assets

The following are the major deferred tax asset recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation HK\$'000
At 1 January 2014	–
Credit to profit or loss	650
At 31 December 2014	650
Credit to profit or loss	86
At 31 December 2015	736

16. Trade and Other Receivables

	2015 HK\$'000	2014 HK\$'000
Trade receivables	27,469	34,665
Prepayments, deposits and other receivables	2,025	1,421
Total trade and other receivables	29,494	36,086

The Group allows a credit period ranging from 0 days to 75 days (2014: 0 days to 45 days) to its trade customers.

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

	2015 HK\$'000	2014 HK\$'000
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
	27,469	34,665

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributed to customers and credit term granted to customers are reviewed regularly. The majority of the trade receivables that are neither past due nor impaired have no history of defaulting on repayments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

16. Trade and Other Receivables (Continued)

Aged analysis of trade receivables which are past due but not impaired

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of approximately HK\$8,576,000 (2014: HK\$12,848,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss because the whole amount has been subsequently settled after the end of the reporting period. The Group does not hold any collateral over these balances.

	2015 HK\$'000	2014 HK\$'000
Overdue by:		
0 – 30 days	4,137	8,322
31 – 60 days	3,543	2,694
61 – 90 days	636	1,457
Over 90 days	260	375
	8,576	12,848

17. Bank Balances and Cash

Bank balances and cash of the Group comprise bank balances and short-term bank deposits that are interest-bearing at prevailing market rates and are with maturity of three months or less. The bank deposits carry interest at market rates ranged from 0.01% (2014: 0.01% to 0.35%) per annum for the year ended 31 December 2015.

18. Trade and Other Payables

	2015 HK\$'000	2014 HK\$'000
Trade payables aged within 30 days	2,072	492
Accrued employees benefits	3,592	2,400
Provision for long service payments	203	363
Other payables and accrued expenses	1,306	436
	7,173	3,691

19. Unsecured Bank Borrowings

The amounts represent floating rate bank loans with a repayable on demand clause. Monthly repayment is made to the bank with last instalment to be paid in June 2017.

The bank loans carry interest at the Hong Kong Interbank Offered Rate plus a fixed margin. The effective borrowing rates of the Group is 2.47% per annum.

The bank loans were guaranteed by Mr. Yeung, Mr. Lee and Mr. Luk and subsequently replaced by corporate guarantee of the Company after the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

20. Amounts Due to Directors

Name of director

	2015 HK\$'000	2014 HK\$'000
Mr. Yeung	–	58
Mr. Lee	–	29,583
Mr. Luk	–	495
	–	30,136

The amounts due to directors are denominated in HK\$, unsecured, interest-free and fully repaid during the year.

21. Share Capital

	Number of shares	Amount HK\$'000
Authorised:		
At 27 July 2015 (date of incorporation) of HK\$0.01 each	38,000,000	380
Increase on 16 December 2015 (note a)	9,962,000,000	99,620
At 31 December 2015 of HK\$0.01 each	10,000,000,000	100,000
	Number of shares	HK\$
Issued and fully paid:		
At 27 July 2015 (date of incorporation)	10	–
Issue of shares upon group reorganisation (note 1)	990	10
Capitalisation issue (note b)	359,999,000	3,599,990
Issue of new shares upon listing (note c)	120,000,000	1,200,000
At 31 December 2015	480,000,000	4,800,000
		HK\$'000
Shown in the consolidated statement of financial position		4,800

Notes:

- On 16 December 2015, the Company passed written resolution pursuant to which the authorised share capital of the Company was increased by HK\$99,620,000 by the creation of 9,962,000,000 shares of par value HK\$0.01 each.
- 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.
- 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

21. Share Capital (Continued)

The share capital as at 1 January 2014 and 2015 represented the combined share capital of following companies attributable to the owners of the Company:

	As at 1 January 2014 and 2015 HK\$
Name of companies	
World-Link Roadway System Company Limited	10,000
World-Link Packing House Company Limited	100
	10,100
	HK\$'000
Shown in the consolidated statement of changes in equity	10

22. Financial Instruments

22a. Categories of financial instruments

	2015 HK\$'000	2014 HK\$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	83,279	46,037
Financial liabilities		
Amortised cost	27,293	30,805

22b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash, trade and other payables and amounts due to directors.

Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include interest rate risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

22. Financial Instruments (Continued)

22b. Financial risk management objectives and policies (Continued)

Market risk

Interest rate risk

The Group's bank balances carry interest at variable rates and have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rates. The directors of the Company consider the Group's exposure is not significant as those interest-bearing bank balances are within a short maturity period.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see note 19 for details of these borrowings). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group currently does not have an interest rate hedging policy in relation to interest rate risks. The directors of the Company monitor the Group's exposure on an ongoing basis and will consider hedging interest rate risks should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the Hong Kong Interbank Offered Rate.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to interest rates for variable-rate bank deposits and bank borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 25 basis points increase or decrease represent management's assessment of the reasonably possible change in interest rates of bank deposits and bank borrowings respectively.

Based on the sensitivity analysis, the directors of the Company consider that the impact on profit or loss from changes in interest rates for both years is insignificant.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligations by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position of the Group.

The Group's credit risk is primarily attributable to its trade receivables. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

As at 31 December 2015, the Group has concentration of credit risk as 63% (2014: 78%) of the total trade receivables was due from the Group's largest customer. The Group's concentration of credit risk on the top five largest customers accounted for 78% (2014: 93%) of the total trade receivables as at 31 December 2015. The management of the Group considered their the credit risk of amounts due to these customers is insignificant after considering their historical settlement record, credit quality and financial positions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

22. Financial Instruments (Continued)

22b. Financial risk management objectives and policies (Continued)

Liquidity risk

In management of the liquidity risk, the Group monitors and maintains levels of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on advances from directors as significant sources of liquidity.

The following table details the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date, on which the Group can be required to pay. The maturity dates for other financial liabilities are based on the agreed repayment dates.

Liquidity tables

As at 31 December 2015

	Weighted average effective interest rate %	Repayable on demand or less than 1 month HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31 December 2015 HK\$'000
Non-derivative financial liabilities				
Trade and other payables	–	2,293	2,293	2,293
Unsecured bank borrowing	2.47	25,000	25,000	25,000
		27,293	27,293	27,293

As at 31 December 2014

	Weighted average effective interest rate %	Repayable on demand or less than 1 month HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31 December 2014 HK\$'000
Non-derivative financial liabilities				
Trade and other payables	–	669	669	669
Amounts due to directors	–	30,136	30,136	30,136
		30,805	30,805	30,805

Bank loans with a repayment on demand clause are included in the "Repayable on demand or less than 1 month" time band in the above maturity analysis. As at 31 December 2015, the aggregate undiscounted principal amounts of these bank loans amounted to HK\$25,000,000. Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid within one year after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to approximately HK\$25,833,000 in which approximately HK\$4,178,000 will be payable within one year from the end of reporting the period.

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22. Financial Instruments (Continued)

22b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The amounts included above for variable-rate bank borrowings of which the undiscounted cash flows are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The management considers that the carrying amounts of the financial assets and financial liabilities of the Group recorded at amortised cost in the consolidated financial statements at the end of each reporting period approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

22c. Fair value

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate to their respective fair values at the end of the reporting period.

23. Operating Leases

The Group as lessee

Details of operating leases payments during the year in respect of rented premises and plant, machinery and equipment are set out in the consolidated statement of profits or loss and other comprehensive income.

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

Operating lease payments represent rentals payable by the Group for its office premises, warehouses, plant, machinery and equipment. Leases are negotiated for the period of one to three years.

Notes to the Consolidated Financial Statements

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24. Retirement Benefits Scheme

The Group operates a defined contribution scheme for all qualified employees. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group also participates in a defined contribution scheme which is registered under the Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000.

For members of the MPF Scheme, the Group contributes at the lower of HK\$1,250 per month (increased to HK\$1,500 per month effective from 1 June 2014) or 5% of relevant payroll costs each month to the MPF Scheme, which contribution is matched by the employee.

The only obligation of the Group with respect to these retirement benefits schemes is to make the specified contributions. During the year, the total amount contributed by the Group to the schemes and cost charged to the profit or loss represents contributions paid/payable to the schemes by the Group at rates specified in the rules of the schemes. The retirement benefits scheme contributions made by the Group amounted to approximately HK\$1,593,000 (2014: HK\$1,666,000) during the year.

25. Related Party Disclosures

The remuneration of key management (representing executive directors of the Company) during the year was as follows:

	2015 HK\$'000	2014 HK\$'000
Salaries, bonus and other allowances	1,260	1,260
Performance related incentive payments	130	130
Retirement benefit scheme and contributions	170	171
	1,560	1,561

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

26. Statement of Financial Position of the Company

The statement of financial position of the Company as at 31 December 2015 is as follows:

	HK\$'000
NON-CURRENT ASSET	
Investment in a subsidiary	25,183
CURRENT ASSET	
Bank balances	52,350
Amount due from a subsidiary	3,000
TOTAL CURRENT ASSETS	55,350
TOTAL ASSETS	80,533
CURRENT LIABILITIES	
Accrued charges	32
	32
NET ASSETS	80,501
CAPITAL AND RESERVES	
Share capital	4,800
Reserves (<i>note</i>)	75,701
	80,501

Note:

	Share premium HK\$'000	Capital reserve HK\$'000	Retained profit HK\$'000	Total HK\$'000
Issue of shares	58,800	–	–	58,800
Cost of issuing new shares	(5,850)	–	–	(5,850)
Profit for the period	–	–	16,168	16,168
Capitalisation issue (<i>note 21</i>)	(3,600)	–	–	(3,600)
Effect of group reorganisation (<i>note 1</i>)	–	25,183	–	25,183
Dividend declared during the period	–	–	(15,000)	(15,000)
At 31 December 2015	49,350	25,183	1,168	75,701

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 10 March 2016 and are signed on its behalf by:

Mr. Yeung Kwong Fat
DIRECTOR

Mr. Lee Kam Hung
DIRECTOR

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

27. Particulars of the Subsidiaries

Name of subsidiary	Place of incorporation and operations	Issued and fully paid ordinary share capital	Proportion of issued share capital owned by the Group		Principal activities
			2015	2014	
Real Runner Limited	British Virgin Islands	US\$3,000	100% (Note)	N/A	Investment holding
World-Link Roadway System Company Limited	Hong Kong	HK\$10,000	100%	100%	Provision of warehousing, transportation and value-added services
World-Link Packing House Company Limited	Hong Kong	HK\$100	100%	100%	Provision of customisation services

Note: Real Runner Limited is directly held by the Company.

None of the subsidiaries had any debenture outstanding at the end of the year or at any time during the year.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last three financial years, as extracted from the audited consolidated financial statements and the Company's prospectus dated 22 December 2015, is set out below:

Results

	Year ended 31 December		
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
REVENUE	135,694	134,812	125,161
PROFIT BEFORE TAXATION	33,921	25,093	2,706
INCOME TAX EXPENSE	(5,801)	(3,677)	(2,556)
PROFIT FOR THE YEAR	28,120	21,416	150

Assets and Liabilities

	At 31 December		
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
TOTAL ASSETS	66,761	57,450	95,143
TOTAL LIABILITIES	(65,186)	(34,459)	(32,852)
NET ASSETS	1,575	22,991	62,291