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If you have sold or transferred all your shares in **World-Link Logistics (Asia) Holding Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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## **WORLD-LINK LOGISTICS (ASIA) HOLDING LIMITED**

**環宇物流(亞洲)控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6083)**

### **MAJOR TRANSACTIONS IN RELATION TO RENEWAL OF THE TENANCY AGREEMENTS**

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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 4 to 8 of this circular.

The transactions being the subject matter of this circular have been approved by written shareholder's approval pursuant to the Listing Rules and this circular is being despatched to the Shareholders for information only.

References to time and dates in this circular are to Hong Kong time and dates.

26 July 2021

# CONTENTS

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	4
<b>Appendix I — Financial Information of the Group</b> .....	I-1
<b>Appendix II — Valuation Report</b> .....	II-1
<b>Appendix III — General Information</b> .....	III-1

## DEFINITIONS

*In this circular, unless the context requires otherwise, the following expressions shall have the following meanings:*

“Announcement”	the announcement of the Company dated 22 June 2021 in relation to the renewal of the Tenancy Agreements
“Board”	board of Directors
“Company”	World-Link Logistics (Asia) Holding Limited, a company incorporated in Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 6083)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third party(ies)”	the independent third party(ies) who is/are, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, independent of and not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company
“Landlord”	San Pack Properties Limited, which is a subsidiary of Allied Group Limited, a company listed on the Stock Exchange of Hong Kong Limited (the “ <b>Stock Exchange</b> ”) (stock code: 373) and is principally engaged in property holding business
“Latest Practicable Date”	21 July 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

## DEFINITIONS

“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Premises”	means collectively the Premises A, Premises B and Premises C
“Premises A”	Portion of G/F, 2-6/F and 4 lorry parking spaces of Allied Cargo Centre located at Nos. 150-164 Texaco Road, Tsuen Wan, New Territories, Hong Kong
“Premises B”	14-19/F, 21-22/F and 24/F of Allied Cargo Centre located at Nos. 150-164 Texaco Road, Tsuen Wan, New Territories, Hong Kong
“Premises C”	23/F of Allied Cargo Centre located at Nos. 150-164 Texaco Road, Tsuen Wan, New Territories, Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) in the Company
“Shareholder(s)”	holders of the Shares from time to time
“Shareholder Group”	means the following Shareholders: <ul style="list-style-type: none"><li>(i) Orange Blossom International Limited, which is wholly owned by Mr. Yeung Kwong Fat, an executive Director;</li><li>(ii) Mr. Yeung Kwong Fat, an executive Director;</li><li>(iii) Best Matrix Global Limited, which is wholly owned by Mr. Lee Kam Hung, an executive Director;</li><li>(iv) Mr. Lee Kam Hung, an executive Director;</li><li>(v) Leader Speed Limited, which is wholly owned by Mr. Luk Yau Chi Desmond, an executive Director; and</li><li>(vi) Mr. Luk Yau Chi Desmond, an executive Director,</li></ul> which hold 325,900,000 Shares representing approximately 64.94% of the total number of entire issued capital of the Company

## DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreements”	means the tenancy agreements dated 11 June 2021 entered into between the Landlord and the Tenant in respect of the Premises
“Tenant”	World-Link Roadway System Company Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

## LETTER FROM THE BOARD

### WORLD-LINK LOGISTICS (ASIA) HOLDING LIMITED

### 環宇物流(亞洲)控股有限公司

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6083)**

*Executive Directors:*

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

Mr. Lee Kam Hung

Mr. Luk Yau Chi, Desmond

*Independent Non-executive Directors:*

Mr. How Sze Ming

Mr. Jung Chi Pan, Peter

Mr. Mak Tung Sang

*Registered Office:*

Windward 3

Regatta Office Park

Grand Cayman KY1-1108

Cayman Islands

*Head Office and Principal Place  
of Business:*

3/F., Allied Cargo Centre

150-164 Texaco Road

Tsuen Wan

New Territories

Hong Kong

26 July 2021

*To the Shareholders,*

Dear Sirs and Madams

### MAJOR TRANSACTIONS IN RELATION TO RENEWAL OF THE TENANCY AGREEMENTS

#### INTRODUCTION

Reference is made to the announcements of the Company dated 22 June 2021 and 28 June 2021 in relation to, among other things, the renewal of the Tenancy Agreements.

The Tenant, being an indirect wholly-owned subsidiary of the Company, as tenant and the Landlord as landlord entered into the Tenancy Agreements dated 11 June 2021, which were received by the Group on 22 June 2021 in respect of the tenancy of the Premises for a renewal term of three years commencing from 1 July 2021 and ending on 30 June 2024 (both dates inclusive).

The purpose of this circular is to provide you with, among other things, (i) details of the Tenancy Agreements; and (ii) other information required under the Listing Rules.

## LETTER FROM THE BOARD

### THE TENANCY AGREEMENTS

The principal terms of the Tenancy Agreements are identical except the details of the Premises and the considerations involved and the principal terms of the Tenancy Agreements are set out as follows:

- Date: 11 June 2021
- Parties: (1) San Pack Properties Limited as landlord; and  
(2) World-Link Roadway System Company Limited, an indirect wholly-owned subsidiary of the Company as tenant.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Landlord and its ultimate beneficial owners are Independent Third Parties. For more information, please refer to the section headed "Information of the parties" below in this circular.

- Premises: (i) Portion of G/F, 2-6/F and 4 lorry parking spaces; (ii) 14-19/F, 21-22/F and 24/F; and (iii) 23/F of Allied Cargo Centre located at Nos. 150-164 Texaco Road, Tsuen Wan, New Territories, Hong Kong

- Term: Three years commencing from 1 July 2021 and expiring on 30 June 2024 (both dates inclusive)

- Rent: The total rent payable under the Tenancy Agreements with respect of (i) Premises A which is inclusive of management fee but exclusive of rates; (ii) Premises B which is inclusive of management fee and rates; and (iii) Premises C which is inclusive of management fee and rates in aggregate, is approximately HK\$110,675,000. The monthly rent in aggregate is as follows:

- (a) From 1 July 2021 to 30 June 2022: approximately HK\$2,913,000  
(b) From 1 July 2022 to 30 June 2023: approximately HK\$3,074,000  
(c) From 1 July 2023 to 30 June 2024: approximately HK\$3,236,000

The rent is payable in advance on the 1st day of each and every calendar month. Any failure to pay the rent will entitle the Landlord to charge an interest of 2.0 % per month on the amount in arrears.

The rent was determined after arm's length negotiations between the parties with reference to the prevailing market rent for comparable premises in the vicinity of the Premises which is within the range from HK\$6 to HK\$19 per square foot, to the best knowledge, information and belief of the Directors having made all reasonable enquiries.

## LETTER FROM THE BOARD

Rental deposit:	Approximately HK\$6,471,000
Use of premises:	The Group intends to use the Premises as logistics center and office premises.
Stamp duty:	The stamp duty shall be borne equally by the Landlord and the Tenant.

The payment of the monthly rent, the rental deposit and the stamp duty will be funded by the internal resources of the Group.

### EFFECT OF THE TENANCY AGREEMENTS ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP

The unaudited value of the right-of-use asset recognised by the Company amounted to approximately HK\$106 million in aggregate which is calculated with reference to the present value of the aggregate lease payment under the Tenancy Agreements. The Group will depreciate the right-of-use assets over the estimated useful life of 36 months on a straight line-basis and a monthly depreciation amounting to approximately HK\$2.94 million will be charged to the consolidated statement of profit or loss and other comprehensive income. The unaudited value of the lease liabilities amounting to approximately HK\$106 million will be recognised by the Group in the consolidated statement of financial position and will decrease upon the settlement of lease payments to the landlord accordingly. Interest expenses on the lease liabilities will be recognised at the rate of 2.5% per annum. After the commencement date of the lease, the lease liabilities are adjusted by interest accretion and lease payments.

### INFORMATION OF THE PARTIES

The Company is an investment holding company. The Group is principally engaged in the integrated logistics service, packing services and distribution business.

The Tenant was incorporated under the laws of Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. The Tenant principally engages in provision of warehousing, transportation and value-added services.

The Landlord was incorporated under the laws of Hong Kong with limited liability and is principally engaged in properties holding business. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Landlord was a wholly-owned subsidiary of Allied Group Limited, a company listed on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (Stock Code: 373) whose information including its ultimate beneficial owner(s) can be referred to on the website of the Stock Exchange.



## LETTER FROM THE BOARD

### REASONS FOR AND BENEFITS OF THE RENEWAL OF THE TENANCY AGREEMENTS

The Group is currently leasing the Premises and the lease expires on 30 June 2021. In evaluating the leases, the Directors consider that (i) the Group has been using part of the Premises as its logistics centre and office space for over 20 years; and (ii) the terms of the Tenancy Agreements were determined after arm's length negotiations between the Landlord and the Tenant and with reference to the prevailing market price of comparable premises in the vicinity of the Premises which is within the range from HK\$6 to HK\$19 per square foot, to the best knowledge, information and belief of the Directors having made all reasonable enquiries.

The renewal of the Tenancy Agreements is necessary for continuing the business operation of the Group and is in the ordinary and usual course of business of the Group.

In order to ensure that the rent is fair and reasonable and in line with prevailing market rate, we have based on the information sourced from Independent Third Parties and compared the rent for similar properties in the vicinity of the Premises, taking into account factors such as, (i) the similar nature, permitted industrial usage or facilities of these properties; (ii) the size of these properties, in terms of gross floor area, being above 20,000 per square foot; and (iii) these properties being located at Texaco Road in Tsuen Wan. Furthermore, the Group also takes into account the rent of the other premises rented by the Group, which are of similar nature, usage, facilities and gross floor area to those of the Premises, and also located at Texaco Road in Tsuen Wan. The rent of all these said properties in the vicinity of the Premises is within the range from HK\$6 to HK\$19 per square foot, to the best knowledge, information and belief of the Directors having made all reasonable enquiries and the rent of the Premises under the Tenancy Agreements falls within the said range of the rent of these properties in the vicinity of the Premises. As such, the Board considers that the terms and conditions of the Tenancy Agreements and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16, the Company recognises the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the Premises under the Tenancy Agreements. Therefore, the entering into of the Tenancy Agreements and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group under the Listing Rules. The Directors consider that since all the Tenancy Agreements were entered into by the Tenant with the same Landlord within 12 months, the transactions contemplated under the Tenancy Agreements shall be aggregated under Rule 14.22 of the Listing Rules. The unaudited value of right-of-use asset recognised by the Company under the Tenancy Agreements amounted to approximately HK\$106 million.

## LETTER FROM THE BOARD

As the applicable percentage ratio as defined under the Listing Rules in respect of the acquisition of right-of-use asset recognised by the Group pursuant to HKFRS 16 under the Tenancy Agreements is 25% or more but is less than 100% when aggregated, the entering into of the Tenancy Agreements constitutes a major transaction for the Company and is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company has obtained written approval in accordance with Rule 14.44 of the Listing Rules from the Shareholder Group, which is beneficially interested in an aggregate of 325,900,000 Shares, representing approximately 64.94% of the entire issued capital of the Company as at the date of the Announcement. On the basis that (i) no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the transactions contemplated under the Tenancy Agreements; and (ii) the written approval of Shareholder Group for the transactions contemplated under the Tenancy Agreements has been obtained, no extraordinary general meeting will be convened for the purpose of approving the transactions contemplated under the Tenancy Agreements as permitted under Rule 14.44 of the Listing Rules.

### RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Tenancy Agreements are on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Although a general meeting will not be convened by the Company to approve the Tenancy Agreements and the transactions contemplated therein, if such a general meeting were to be convened by the Company, the Board would recommend the Shareholders to vote in favour of the resolutions to approve, confirm and ratify the Tenancy Agreements and the transactions contemplated thereunder.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the appendices to this circular.

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

## 1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the years ended 31 December 2018, 2019 and 2020 is disclosed in the following documents which are published on both the websites of the Stock Exchange and the Company. Please refer to the hyperlinks as stated below:

- annual report of the Company for the year ended 31 December 2018  
(pages 38 to 81)  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltn20190429950.pdf>
- annual report of the Company for the year ended 31 December 2019  
(pages 34 to 87)  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0424/2020042401251.pdf>
- annual report of the Company for the year ended 31 December 2020  
(pages 34 to 83)  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0421/2021042101234.pdf>

## 2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 May 2021, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this circular, the details of the Group's indebtedness are as follows:

### **Bank borrowings**

As at 31 May 2021, the Group had aggregate outstanding bank borrowings of approximately HK\$4.5 million, which are unsecured but co-guaranteed by the Group and non-controlling interests.

### **Lease liabilities**

As at 31 May 2021, the Group had unsecured and unguaranteed lease liabilities with outstanding carrying amount of approximately HK\$9.4 million.

### **Amounts due to non-controlling interests**

As at 31 May 2021, the Group had amounts due to non-controlling interests of approximately HK\$1.2 million, which are unsecured, unguaranteed, interest-free and payable on demand.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of the business, as at the close of business on 31 May 2021, the Group did not have any debt securities, issued and outstanding, and authorised or otherwise created but unissued, and term loans, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or similar indebtedness, debentures, mortgages, charges, loans, acceptance credits, hire purchase commitments, guarantees or other contingent liabilities.

### **3. WORKING CAPITAL STATEMENT**

Taking into account the financial resources available to the Group, including the internally generated funds and the available banking facilities, the Directors are of the opinion that the Group has sufficient working capital for its present requirements, which is for at least the next 12 months from the date of this circular.

### **4. FINANCIAL AND TRADING PROSPECT OF THE GROUP**

The Group is a well-established one-stop logistics service provider specializing in fast moving consumer goods and food and beverage segment in Hong Kong. The Group has diversified and commenced its distribution business in Macau and Hong Kong in 2019 and 2020, respectively.

Looking ahead, the COVID-19 outbreak will still be influencing the global economies, which may cause difficulties and uncertainties to external environment in Hong Kong and globally. However, the Board believes that the worst time has passed and the economies are under recovery, as people has been paying more attention to the precaution measures against the COVID-19 and the vaccine has been launched.

Despite the fact that the road of recovery is still long and full of challenge, the Group will continuously equip itself and prepare for any opportunities to be arisen. With the Group's strategic move by expanding the business presence in Macau in 2019 and the effective control of the spread of the COVID-19 in Macau, the Board believe the Macau operation will be at quick recovery being able to bring a positive impact to the Group.

At the same time, the Group is focusing on its core operation in Hong Kong. The outbreak and spread COVID-19 has caused some damages to the business of some customers, setting off a chain reaction ultimately affecting the operation of the Group. The spirit to provide the best services with quality and create value to its customers has been deeply ingrained and helped the Group to overcome difficulties and survive during this harsh period. The Group will continue to adopt its prudent approach and pursue steady growth and development.

*The following is the text of a report received from an independent professional valuer, AP Appraisal Limited, for the purpose of incorporation in this circular.*

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T: 852 2218 5180  
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Our Ref: AP210607/6083/WLLAHL/Rpt

26 July 2021

**World-Link Logistics (Asia) Holding Limited**  
**3/F, Allied Cargo Centre**  
**150-164 Texaco Road, Tsuen Wan**  
**Hong Kong**

Dear Sirs and Madams,

**RE: Valuation of the Right of Use Asset in relation to the Tenancy Agreements between a subsidiary of World-Link Logistics (Asia) Holding Limited and the Landlord as at 11 June 2021**

We, AP Appraisal Limited (the “**APA**”), refer to the instructions from World-Link Logistics (Asia) Holding Limited (the “**Instructing Party**” or the “**Company**”) to conduct a valuation on the fair value of Right of Use Asset (the “**ROU Asset**”) in relation to the Tenancy Agreements between a subsidiary of the Company and a Landlord (mentioned in later section) as of 11 June 2021 (the “**Valuation Date**”) for the circular purpose of The Stock Exchange of Hong Kong (“**HKEx Circular**”) only.

#### **PREMISE AND BASIS OF VALUATION**

For the purpose of preparing a valuation for HKEx Circular purpose, we observe and follow the definitions and standards laid down by Hong Kong financial reporting Standards; International financial reporting Standards; The RICS Valuation Standard and International Valuation Standard.

Our valuation is based on going concern premise and conducted on a fair value basis. Fair value is defined as “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”.

## BACKGROUND OF THE GROUP

World-Link Logistics (Asia) Holding Limited is an investment holding company. The Group is principally engaged in the integrated logistics service, packing services and distribution business.

World-Link Roadway System Company Limited (“**World-Link Roadway**”) is an indirect wholly owned subsidiary of the Company. It is principally engaged in provision of warehousing, transportation and value-added services.

## BACKGROUND AND PARTICULARS OF THE TENANCY AGREEMENTS

On 11 June 2021, the Group, through World-Link Roadway, entered into the tenancy agreements (the “**Agreement**”) with San Pack Properties Limited (“**San Pack Properties**”). San Pack Properties is a wholly owned subsidiary of a listed company in Hong Kong, an Independent Third Party, and is principally engaged in properties holding business.

The Agreement is related to 3 premises (the “**Premises**”) with a renewal term commencing from 1 July 2021 to 30 June 2024 (both days inclusive). The premises in relation to the Agreement are located in Hong Kong, with address particulars as below:

- (i) Portion of G/F, 2-6/F and 4 lorry parking spaces (“**Premise A**”);
- (ii) 14-19/F, 21-22/F and 24/F (“**Premise B**”); and
- (iii) 23/F (“**Premise C**”) of Allied Cargo Centre located at Nos. 150-164 Texaco Road, Tsuen Wan, New Territories, Hong Kong.

The total rent payable under the Tenancy Agreements with respect of

- (i) Premises A which is inclusive of management fee but exclusive of rates;
- (ii) Premises B which is inclusive of management fee and rates; and
- (iii) Premises C which is inclusive of management fee and rates.

In aggregate, is approximately HKD110,675,000.

The monthly rent in aggregate is as follows:

- (a) From 1 July 2021 to 30 June 2022: approximately HKD2,913,000;
- (b) From 1 July 2022 to 30 June 2023: approximately HKD3,074,000; and
- (c) From 1 July 2023 to 30 June 2024: approximately HKD3,236,000.

## VALUATION METHODOLOGIES

There are three generally accepted valuation approaches in business valuation.

### Cost Approach

The cost approach indicates the value of an asset by the cost to create or replace the asset with another similar one, on the premise that a purchaser would not pay more for an asset than the cost to obtain one of equal usefulness. This method is frequently used in valuing investment companies or capital-intensive firms. However, it would normally not be used except when the other two approaches have been considered but deemed not applicable.

### Market Approach

The market approach measures the value of an asset by comparing recent sales or offerings of similar or substitute property and related market data to the business being valued. The two primary market approaches are the 'market multiple method' and the 'similar transactions method'. The market multiple method focuses on comparing the subject asset to guideline similar, publicly traded, companies and assets. In applying this method, valuation multiples are derived from historic, though sometimes from forecast, operating data of comparables. The similar transactions method uses valuation multiples based on historical change of control transactions that have occurred in the subject company's and/or asset's direct or related industries. These derived multiples are then adjusted and applied to the appropriate operating data of the subject asset to arrive at an indication of value.

### Income Approach

Income approach is based on the income that an asset is likely to generate over its remaining useful life or a specified period. This estimation is determined by reference to both historic performance and forecasts. Business value is often derived by capitalising profits or cash flows before costs of servicing debt, using a capitalisation or discount rate that is the weighted average cost of capital (WACC) of a comparable mix of debt and equity. The equity value is the enterprise value less the market value of the net debt, but can be established by measuring the equity cash flow itself.

### Selection of Assessment Methodology

We considered that the market approach not applicable for the valuation, as there are insufficient comparable transactions in the market. We also considered that cost approach not an adequate approach for the valuation, as this approach does not take future growth potential into consideration. Thus, we determined that the income approach was the most appropriate valuation approach to value the fair value of the ROU asset of the Company.

### **Discounted Cash-flow Method**

The discounted cash-flow method is premised on the concept that the value is based on the present value of all future benefits that flow to the shareholder by applying an appropriate discount rate. These future benefits consist of current income distributions, appreciation in the property, or a combination of both. In essence, this valuation method requires a forecast to be made of cash-flow, going out far enough into the future until an assumed stabilization occurs for the assets being appraised. This methodology assumes that the forecasted income/cash-flow will not necessarily be stable in the near term but will stabilize in the future.

### **Discount Rate for the ROU Asset**

The adopted discount rate for the ROU asset is the average of Incremental borrowing rate of the Company and the average capitalization rate for industrial buildings in the trailing-twelve months before the Valuation Date, sourced from Rating and Valuation Department of Hong Kong. It is preferably suitable to use incremental borrowing rate of the company as discount rate. However, given the current economic condition adversely affected by the epidemic COVID-19, it is also more conservative and reasonable to consider government official figures in the calculation.

As such, we adopted 2.50% as the discount rate of the ROU asset of the Company for the valuation as of the Valuation Date.

### **SOURCES OF INFORMATION AND RELATED ASSUMPTIONS**

Our investigation covers the discussion with the Instructing Party and the Company's representatives, collecting the information of the Company's history, operations and prospects of the business. We also take the industry trend and relevant law requirements into consideration. We requested detailed information about the Company's position in order to conduct a detailed review and make an impartial and independent valuation of the Asset's value. We assume that the data obtained in the course of the valuation, along with the opinions and representations provided to us by the Instructing Party, the Company or his agent(s) are prepared in reasonably care.

The factors considered in this valuation included, but were not limited to, the following:

- The nature and history of the Company;
- The financial conditions of the Company;
- The economic condition and the industry outlook in general;
- The specific economic environment and competition for the Company;
- Market-derived investment returns of entities engaged in similar lines of business; and
- The financial and business risks of the Company including the continuity of income and the projected future results of the ROU Asset.



**Major Assumptions**

Due to the changing environment in which the Company is operating, a number of assumptions have to be established in order to sufficiently support our concluded opinion of value of the Asset. The major assumptions adopted in our valuations are:

- The projections provided by the Management of the Company regarding the ROU asset as at the Valuation Date is reasonable, reflecting market conditions and economic fundamentals, and will be materialized;
- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Company operates or intends to operate would be officially obtained and renewed upon expiry;
- There will be no material changes in the business strategy of the Company and its operating structure;
- Key management, competent personnel, and technical staff will all be retained to support ongoing operations of the Company;
- There will be no major changes in the political, legal, economic or financial conditions and taxation laws in the jurisdiction where the Company currently operates or will operate which will materially affect the revenues attributable to the Company, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;
- Assumed the Company can arrange production in accordance with forecasted time and scale, and there is no big difference between actual and forecast situation;
- Interest rates and exchange rates in the localities for the operation of the Company will not differ materially from those presently prevailing; and
- We have assumed that the projected businesses and cashflow can be achieved with the effort of the management of the Company.

**GENERAL SERVICE CONDITIONS**

The service(s) provided by AP Appraisal Limited will be performed in accordance with professional appraisal standard. Our compensation is not contingent in any way upon our conclusions of value. We assume, without independent verification, the accuracy, of all data provided to us. We will act as an independent contractor and reserve the right to use subcontractors. All files, working papers or documents developed by us during the course of the engagement will be our property. We will retain this data for at least seven years.

This report and valuation shall be used only in its entirety and no part shall be used without making reference to the whole report. Our report is to be used only for the specific purpose stated herein and any other use is invalid. No reliance may be made by any third party without our prior written consent. You may show our report in its entirety to those third parties who need to review the information contained herein. No one should rely on our report as a substitute for their own due diligence. Except for financial reporting and auditing purposes, no reference to our name or our report, in whole or in part, in any document you prepare and/or distribute to third parties may be made without our written consent.

The valuation may not be used in conjunction with any other valuation or study. The value conclusion(s) stated in this valuation is based on the program of utilization described in the report, and may not be separated into parts. No change of any item in any of the valuation shall be made by anyone other than APA and we shall have no responsibility for any such unauthorized change.

You agree to indemnify and hold us harmless against and from any and all losses, claims, actions, damages, expenses, or liabilities, including reasonable attorneys' fees, to which we may become subjects in connection with this engagement. You will not be liable for our negligence. Your obligation for indemnification and reimbursement shall extend to any controlling person of APA, including any director, officer, employee, subcontractor, affiliate or agent. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to the 3 times of the amount of fees we received for this engagement.

We reserve the right to include your company/firm name in our client list, but we will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative process or proceedings. These conditions can only be modified by written documents executed by both parties.

No opinion is intended to be expressed for matters which require legal or other specialized expertise or knowledge, beyond that customarily employed by appraisers.

Any decision to purchase, sell or transfer any interest in the Company shall be the owners' sole responsibility, as well as the structure to be utilized and the price to be accepted.

The selection of the price to be accepted requires consideration of factors beyond the information we will provide or have provided. An actual transaction involving the subject business might be concluded at a higher value or at a lower value, depending upon the circumstances of the transaction and the business, and the knowledge and motivations of the buyers and sellers at that time.

In all matters that may be potentially challenged by a Court or others, we do not take any responsibility for the degree of reasonableness of contrary positions that others may choose to take, nor for the costs or fees that may be incurred in the defense of our recommendations against such challenge(s). We will, however, retain our supporting work papers for your matter(s), and will be available to assist in active defense of our professional positions taken, at our then current rates, plus direct actual expenses and according to our then standard professional agreement.

### LIMITING CONDITIONS

The primary assumptions and limiting conditions pertaining to the value estimate conclusion(s) stated in this report are summarized below. Other assumptions are cited elsewhere in this report.

- Unless otherwise stated in this report, the valuation of the business has not considered or incorporated the potential economic gain or loss resulting from contingent assets, liabilities or events existing as of the Valuation Date.
- Management is assumed to be competent, and the ownership to be in responsible hands, unless otherwise noted in this report. The quality of the business management can have a direct effect on the viability and value of the business/asset being assessed.
- Unless otherwise stated, no effort has been made to determine the possible effect, if any, on the subject business because of future country, provincial or local legislations/regulations, including any environmental or ecological matters or interpretations thereof.
- All facts and data set forth in our report are true and accurate to the best of our knowledge and belief. No investigation of legal fees or title of the business has been made, and the owner's claim to the business has been assumed valid. No consideration has been given to liens or encumbrances that may be against the business except as specifically stated (if any) in the auditors' report.

- During the course of the valuation, we have considered information provided by the Company and other third parties. We believe these sources to be reliable, but no further responsibility is assumed for their accuracy. We have had verbal conversations with the current management of the Company concerning the past, present, and prospective operating results of the Company. We assume that there are no hidden or unexpected conditions associated with the businesses that might adversely affect the reported values.
- This valuation is based upon data, conditions, hypotheses and assumption stated herein and as presented to us by the Company and other third parties, upon which we relied.
- This appraisal reflects facts and conditions existing at the Valuation Date. Subsequent events have not been considered, and we have no obligation to update our report for such events and conditions. We have no responsibility or obligation to update this report for events or circumstances occurring subsequent to the Valuation Date.

## CONCLUSION

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. While the assumptions and consideration of such matters are considered to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company, the Instructing Party and/or APA.

Based on the valuation methodology adopted, we are of the opinion that the Fair Value of the Right of Use Asset in relation to the Tenancy Agreements as of 11 June 2021, was reasonably stated as **HKD106,000,000 (HONG KONG DOLLARS ONE HUNDRED AND SIX MILLION ONLY)**.

We hereby certify that we have neither present nor prospective interests in the Company, the Instructing Party or the value reported.

Yours faithfully,  
For and on behalf of  
**AP Appraisal Limited**

**Paul Hung** MRICS ASA  
Director – Valuation & Advisory Services

*Note:*

*Mr. Hung is a Registered Surveyor of Royal Institution of Chartered Surveyors. He has over 10 year's valuation experience in the Greater China Region.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular 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 circular misleading.

## 2. INTERESTS IN SECURITIES

### (A) Directors' and chief executives' interests and short position in shares, underlying shares and debentures of the Company and its associated corporations

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which, (a) were required to be notified to the Company and the Stock Exchange pursuant to provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors have taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

#### (a) *Interests in the Company*

Name of Directors	Capacity/ Nature of interest	Total number of Shares and underlying Shares	Approximate percentage of issued share capital of the Company
Mr. Yeung Kwong Fat ("Mr. Yeung") (Note 1)	Interest in a controlled corporation; and beneficial owner	96,224,000	19.17%
Mr. Lee Kam Hung ("Mr. Lee") (Note 2)	Interest in a controlled corporation; and beneficial owner	147,764,000	29.44%

Name of Directors	Capacity/ Nature of interest	Total number of Shares and underlying Shares	Approximate percentage of issued share capital of the Company
Mr. Luk Yau Chi, Desmond ("Mr. Luk") (Note 3)	Interest in a controlled corporation; and beneficial owner	81,912,000	16.32%
Mr. How Sze Ming ("Mr. How") (Note 4)	Beneficial owner	64,000	0.01%
Mr. Jung Chi Pan, Peter ("Mr. Jung") (Note 4)	Beneficial owner	64,000	0.01%
Mr. Mak Tung Sang ("Mr. Mak") (Note 4)	Beneficial owner	64,000	0.01%

## Notes:

- 96,224,000 Shares in which Mr. Yeung is interested consist of (i) 81,192,000 Shares held by Orange Blossom International Limited, a company wholly owned by Mr. Yeung, in which Mr. Yeung is deemed to be interested under the SFO, and (ii) 15,032,000 Shares directly held by Mr. Yeung.
- 147,764,000 Shares in which Mr. Lee is interested consist of (i) 143,796,000 Shares held by Best Matrix Global Limited, a company wholly owned by Mr. Lee, in which Mr. Lee is deemed to be interested under the SFO, and (ii) 3,968,000 Shares directly held by Mr. Lee.
- 81,912,000 Shares in which Mr. Luk is interested consist of (i) 76,060,000 Shares held by Leader Speed Limited, a company wholly owned by Mr. Luk, in which Mr. Luk is deemed to be interested under the SFO, and (ii) 5,852,000 Shares directly held by Mr. Luk.
- 64,000 Shares are directly held by Mr. How, Mr. Jung and Mr. Mak respectively.

(b) *Interests in Associated Corporation(s) of the Company*

Name of Directors	Name of associated corporation	Capacity/ Nature of interest	Total 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%

**(B) Substantial Shareholders' and other persons' interests and short positions in Shares and underlying Shares**

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital:

Name of Shareholder	Capacity	Number of Shares/ underlying Shares held/ interested	Approximate percentage of issued share capital of the Company
Best Matrix Global Limited ( <i>Note 1</i> )	Beneficial owner	143,796,000	28.65%
Leader Speed Limited ( <i>Note 2</i> )	Beneficial owner	76,060,000	15.16%
Orange Blossom International Limited ( <i>Note 3</i> )	Beneficial owner	81,192,000	16.18%
Ms. Law Wai Yee ( <i>Note 4</i> )	Interest of spouse	96,224,000	19.17%
Ms. Chan Pik Shan ( <i>Note 5</i> )	Interest of spouse	147,764,000	29.44%
Ms. Wong Soo Fung ( <i>Note 6</i> )	Interest of spouse	81,912,000	16.32%
Ms. Hui Pui Shan ( <i>Note 7</i> )	Interest of spouse	64,000	0.01%
Ms. Chan Ka Man ( <i>Note 8</i> )	Interest of spouse	64,000	0.01%
Ms. Wong Shuk Ling Janine ( <i>Note 9</i> )	Interest of spouse	64,000	0.01%



*Notes:*

1. Best Matrix Global Limited is wholly owned by Mr. Lee who held shares in capacity as beneficial owner of these shares.
2. Leader Speed Limited is wholly owned by Mr. Luk who held shares in capacity as beneficial owner of these shares.
3. Orange Blossom International Limited is wholly owned by Mr. Yeung who held shares in capacity as beneficial owner of these shares.
4. 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.
5. 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.
6. 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.
7. Ms. Hui Pui Shan is the spouse of Mr. How and is deemed, or taken to be, interested in Shares in which Mr. How has interest under the SFO.
8. Ms. Chan Ka Man is the spouse of Mr. Jung and is deemed, or taken to be, interested in Shares in which Mr. Jung has interest under the SFO.
9. Ms. Wong Shuk Ling, Janine is the spouse of Mr. Mak and is deemed, or taken to be, interested in Shares in which Mr. Mak has interest under the SFO.

**3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

**4. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors and their respective close associates was interested in any business which competed, or might compete, either directly or indirectly, with the business of the Group pursuant to Rule 8.10 of the Listing Rules.

**5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS OF THE GROUP**

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as of the Latest Practicable Date and which was significant in relation to the business of the Group; and none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Company were made up.

## 6. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years preceding the issue of this circular and are or may be material:

- (a) the sale and purchase agreement dated 31 May 2019 entered into between World-Link Roadway System Company Limited, an indirectly wholly-owned subsidiary of the Company as purchaser and Mr. Cheong Hok Chu and Mr. Liew Yeung Man, as vendors in relation to the acquisition of Forewide Company (Macau) Limited, a company incorporated in Macau with limited liability, pursuant to which the purchaser has conditionally agreed to acquire and the vendors have conditionally agreed to sell the entire issued share capital in Forewide Company (Macau) Limited at a consideration of HK\$9 million by issue and allotment of the 10,067,114 new Shares to be allotted and issued by the Company to the vendors;
- (b) the shareholders agreement dated 31 October 2019 entered into between World-Link Roadway System Company Limited, an indirectly wholly-owned subsidiary of the Company, Sky Ace International Limited and Mr. Lock Kwok On Anthony, both of which were the then Independent Third Parties, as purchasers and Mr. Ng Cheong Yuet, the then Independent Third Party as vendor pursuant to which, inter alia, the vendor has conditionally agreed to allot 350 shares of Skya Link Limited, a company incorporated in Hong Kong with limited liability, to World-Link Roadway System Company Limited at a consideration of HK\$175,000;
- (c) the shareholders agreement dated 1 July 2020 entered into among World-Link Roadway System Company Limited, Sky Ace International Limited and Lock Kwok On Anthony, pursuant to which World-Link Roadway System Company Limited further purchased a 16% equity interest in Skya Link Limited at a consideration of HK\$75,000;
- (d) the shareholders agreement dated 1 December 2020 entered into among World-Link Roadway System Company Limited, Sky Ace International Limited and Lock Kwok On Anthony on, inter alia, their rights and duties in relation to Skya Link Limited; and
- (e) the Tenancy Agreements.

## 7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

**8. MATERIAL ADVERSE CHANGE**

As of the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Group were made up.

**9. EXPERT AND CONSENT**

The following is the qualification of the expert who has given opinion or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
AP Appraisal Limited	Independent property valuer

As at the Latest Practicable Date, the above expert:

- (a) had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter or opinions or advice and references to its name, in the form and context in which they appear;
- (b) did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Company were made.

**10. GENERAL**

- (1) The registered office of the Company is Windward 3, Regatta Office Park, Grand Cayman KYI-1108, Cayman Islands.
- (2) The principal place of business of the Company is 3/F, Allied Cargo Centre, 150-164 Texaco Road, Tsuen Wan, New Territories, Hong Kong.
- (3) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited, Level 54, Hopewell Centre 183 Queen's Road East, Hong Kong.
- (4) The secretary of the Company is Mr. Cheng Sing Yuen who is a Certified Public Accountant (practicing) in Hong Kong.
- (5) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. (except Saturdays, Sundays and public holidays) at the principal place of business of the Company at 3/F, Allied Cargo Centre, 150-164 Texaco Road, Tsuen Wan, New Territories, Hong Kong, for a period of 14 days from the date of this circular (both days inclusive):

- (1) the memorandum and articles of association of the Company;
- (2) the material contracts referred to under the section headed "6. Material contracts" in this appendix;
- (3) the annual report of the Company for the year ended 31 December 2018;
- (4) the annual report of the Company for the year ended 31 December 2019;
- (5) the annual report of the Company for the year ended 31 December 2020;
- (6) the valuation report prepared by AP Appraisal Limited, the text of which is set out in Appendix II to this circular;
- (7) the written consent referred to in the section headed "9. Expert and consent" in this appendix; and
- (8) this circular.