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WORLD-LINK LOGISTICS (ASIA) HOLDING LIMITED

環宇物流(亞洲)控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6083)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The Board of Directors (the “**Board**”) of World-Link Logistics (Asia) Holding Limited (the “**Company**”) and its subsidiaries collectively the “**Group**”) is pleased to announce that the consolidated financial results of the Group for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020. The financial information has been approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021 HK\$'000	2020 HK\$'000
Revenue	3	336,512	212,262
Other net income		2,526	11,790
Employee benefits expenses		(54,885)	(58,303)
Depreciation of property, plant and equipment and right-of-use assets		(46,068)	(49,144)
Sub-contracting expenses		(39,914)	(40,510)
Operating lease rentals in respect of rented premises		(940)	(3,121)
Operating lease rentals in respect of plant, machinery and equipment		(475)	(994)
Cost of products sold		(159,250)	(30,842)
Other expenses		(17,694)	(16,185)
Profit from operations		19,812	24,953
Share of losses of an associate		–	(11)
Finance costs		(1,672)	(1,407)
Profit before taxation		18,140	23,535
Income tax expense	5	(2,159)	(2,620)
Profit for the year		15,981	20,915
Attributable to:			
Equity shareholders of the Company		15,250	20,578
Non-controlling interests		731	337
Profit for the year		15,981	20,915
Earnings per share (HK cents)	6		
Basic		3.04	4.13
Diluted		3.04	4.10

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Property, plant and equipment		9,797	8,340
Right-of-use assets		92,255	28,445
Rental deposits		6,337	1,090
Deferred tax assets		1,801	1,739
		<u>110,190</u>	<u>39,614</u>
Current assets			
Inventories – finished goods		15,346	13,934
Trade and other receivables and contract assets	7	76,173	57,861
Rental deposits		779	6,653
Tax recoverable		817	657
Bank balances and cash		39,298	61,976
		<u>132,413</u>	<u>141,081</u>
Current liabilities			
Trade and other payables, accrued expenses and contract liabilities	8	18,246	15,272
Tax payable		942	177
Lease liabilities		36,497	27,331
Amounts due to non-controlling interests		1,241	1,241
Dividend payable		5,018	12,452
Bank borrowings		4,500	4,500
		<u>66,444</u>	<u>60,973</u>
Net current assets		<u>65,969</u>	<u>80,108</u>
Total assets less current liabilities		<u>176,159</u>	<u>119,722</u>
Non-current liabilities			
Provisions		1,300	2,136
Lease liabilities		56,930	2,487
		<u>58,230</u>	<u>4,623</u>
NET ASSETS		<u>117,929</u>	<u>115,099</u>
CAPITAL AND RESERVES			
Share capital	9	5,018	4,981
Reserves		111,614	109,552
Total equity attributable to equity shareholders of the Company		<u>116,632</u>	<u>114,533</u>
Non-controlling interests		1,297	566
TOTAL EQUITY		<u>117,929</u>	<u>115,099</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Capital reserve	Retained profits	Total		
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020	4,941	59,991	10	2,064	42,124	109,130	–	109,130
Changes in equity for the year ended 31 December 2020:								
Profit and total comprehensive income for the year	–	–	–	–	20,578	20,578	337	20,915
Recognition of equity-settled share-based payment	–	–	–	258	–	258	–	258
Issue of ordinary shares in relation to award of new shares	40	3,326	–	(1,366)	–	2,000	–	2,000
Acquisition of a non-wholly owned subsidiary	–	–	–	–	–	–	229	229
Dividend approved in respect of previous year	10	–	–	–	(4,981)	(4,981)	–	(4,981)
Dividend declared in respect of the current year	10	–	–	–	(12,452)	(12,452)	–	(12,452)
At 31 December 2020 and 1 January 2021	<u>4,981</u>	<u>63,317</u>	<u>10</u>	<u>956</u>	<u>45,269</u>	<u>114,533</u>	<u>566</u>	<u>115,099</u>
Changes in equity for the year ended 31 December 2021:								
Profit and total comprehensive income for the year	–	–	–	–	15,250	15,250	731	15,981
Recognition of equity-settled share-based payment	–	–	–	15	–	15	–	15
Issue of ordinary shares in relation to award of new shares	37	2,822	–	(971)	–	1,888	–	1,888
Dividend approved in respect of previous year	10	–	–	–	(5,018)	(5,018)	–	(5,018)
Dividend declared in respect of the current year	10	–	–	–	(10,036)	(10,036)	–	(10,036)
At 31 December 2021	<u>5,018</u>	<u>66,139</u>	<u>10</u>	<u>–</u>	<u>45,465</u>	<u>116,632</u>	<u>1,297</u>	<u>117,929</u>

NOTES TO THE ANNOUNCEMENT

For the year ended 31 December 2021

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 27 July 2015 and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the registered office and the principal place of business of the Company are disclosed in the section “Corporate Information” in the annual report.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

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

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

(a) Basis of preparation

The financial results set out in this announcement do not constitute the Group’s consolidated financial statements for the year ended 31 December 2021, but are derived from those financial statements.

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(b) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the financial statements.

(b) Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendment to HKFRS 16, *COVID-19 related rent concessions*
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform — phase 2*

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

3. REVENUE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Warehousing services income	79,865	88,539
Transportation services income	51,043	50,806
Customisation services income	18,647	23,073
Value-added services income	12,514	11,922
Sale of products	174,443	37,922
	<u>336,512</u>	<u>212,262</u>

4. SEGMENT INFORMATION

The Group's operating segments are determined based on information reported to the chief operating decision maker of the Group (the executive directors of the Company who are also directors of all operating subsidiaries) (the "CODM"), for the purpose of resource allocation and performance assessment. The directors regularly review revenue and results analysis by (i) logistics solutions business; (ii) customisation services; and (iii) distribution business. No operating segments have been aggregated in arriving at the reportable segments of the Group. No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM.

Segment revenue and results

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

For the year ended 31 December 2021

	Logistics solutions business HK\$'000	Customisation services HK\$'000	Distribution business HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Total HK\$'000
Disaggregated by timing of revenue recognition						
Point in time	90,719	18,647	174,443	283,809	-	283,809
Overtime	52,703	-	-	52,703	-	52,703
Revenue						
Revenue from external customers	143,422	18,647	174,443	336,512	-	336,512
Inter-segment revenue	3,138	-	-	3,138	(3,138)	-
	<u>146,560</u>	<u>18,647</u>	<u>174,443</u>	<u>339,650</u>	<u>(3,138)</u>	<u>336,512</u>
Results						
Segment results	<u>10,701</u>	<u>3,160</u>	<u>5,406</u>			19,267
Unallocated corporate expenses						<u>(1,127)</u>
Profit before taxation						<u>18,140</u>

For the year ended 31 December 2020

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

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

(b) Other segment information

For the year ended 31 December 2021

	Logistics solutions business <i>HK\$'000</i>	Customisation services <i>HK\$'000</i>	Distribution business <i>HK\$'000</i>	Segment total <i>HK\$'000</i>
Additions to property, plant and equipment	5,821	89	318	6,228
Additions to right-of-use assets	106,925	–	1,196	108,121
Loss on lease modification	(287)	–	–	(287)
Depreciation of property, plant and equipment included in the measure of segment results	4,181	83	507	4,771
Depreciation of right-of-use assets included in the measure of segment results	40,386	–	911	41,297

For the year ended 31 December 2020

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

(c) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's plant, property and equipment and right-of-use assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of plant, property and equipment and right-of-use assets and the location of the operation to which they are allocated.

	Revenue from external customers		Specified non-current assets	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	180,546	186,066	100,302	35,503
Macau	155,966	26,196	1,750	1,282
	336,512	212,262	102,052	36,785

(d) **Information about major customers**

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A	54,885	67,116
Customer B	N/A*	32,306
Customer C	N/A*	28,367

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

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

5. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	2,456	2,818
(Over)/under-provision in respect of prior years	(235)	9
	2,221	2,827
Deferred tax		
Origination of temporary differences	(62)	(207)
	2,159	2,620

The provision for Hong Kong Profits Tax for 2021 is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the year, taking into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2021/22, subject to a maximum reduction of HK\$10,000 for each business (2020: a maximum reduction of HK\$20,000 was granted for the year of assessment 2020/21 and was taken into account in calculating the provision for 2020). A subsidiary of the Group is eligible for 8.25% tax band of the first HK\$2,000,000 under the two-tiered tax regime introduced by the Hong Kong SAR Government.

The provision for Macau Complementary (Corporate) Tax for 2021 is calculated at 12.0% (2020: 12.0%) of the taxable income for the year, taking into account a tax incentive granted by the Macau SAR Government for the tax-free income threshold of MOP600,000 for the tax year 2021. No provision for tax has been made for the subsidiary in Macau as the subsidiary does not have assessable profit for Macau Complementary Tax for the current year and sustained a loss for prior year.

6. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$15,250,000 (2020: HK\$20,578,000) and the weighted average of 501,656,000 ordinary shares (2020: 497,859,000) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2021 '000	2020 '000
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>501,656</u>	<u>497,859</u>

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$15,250,000 (2020: HK\$20,578,000) and the weighted average of number share of ordinary shares of 501,843,000 shares (2020: 501,947,000), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2021 '000	2020 '000
Weighted average number of ordinary shares used in calculating basic earnings per share	501,656	497,859
Effect of deemed issue of ordinary shares under the Company's share award scheme for a subscription price of 50 HK cents per share	<u>187</u>	<u>4,088</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>501,843</u>	<u>501,947</u>

7. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

	2021 HK\$'000	2020 HK\$'000
Trade receivables, net of loss allowance	56,560	53,719
Prepayments	1,107	1,141
Contract assets	5,559	1,305
Deposits and other receivables	<u>12,947</u>	<u>1,696</u>
	<u>76,173</u>	<u>57,861</u>

The Group allows a credit period ranging from 0 day to 120 days (2020: 0 day to 120 days) to its customers.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	26,608	20,989
31 – 60 days	16,337	15,256
61 – 90 days	6,449	13,257
Over 90 days	7,166	4,217
	56,560	53,719

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	5,848	5,706
Accrued employees' benefits	3,346	4,091
Accrued expenses	3,471	3,045
Other payables	1,981	2,430
Contract liabilities	3,600	–
	18,246	15,272

All of the trade and other payables and accrued expenses are expected to be settled within one year or are payable on demand. As at 31 December 2021, the ageing analysis of trade payables based on invoice date, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	5,625	5,538
31 – 60 days	147	46
61 – 90 days	–	11
Over 90 days	76	111
	5,848	5,706

9. SHARE CAPITAL

	2021		2020	
	Number of shares	HK\$	Number of shares	HK\$
Issued and fully paid:				
At 31 December	<u>501,843,114</u>	<u>5,018,431</u>	<u>498,067,114</u>	<u>4,980,671</u>
		HK\$'000		HK\$'000
Shown in the consolidated statement of financial position		<u>5,018</u>		<u>4,981</u>

10. DIVIDEND

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

	2021	2020
	HK\$'000	HK\$'000
Final dividend proposed after the end of the reporting period of 2.0 HK cents per ordinary share (2020: 1.0 HK cent per ordinary share)	10,037	5,018
Interim dividend declared of 1.0 HK cent per ordinary share (2020: Nil)	5,018	–
Special dividend declared of 1.0 HK cent per ordinary share (2020: 2.5 HK cents per ordinary share)	<u>5,018</u>	<u>12,452</u>
	<u>20,073</u>	<u>17,470</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and/or paid during the year

	2021	2020
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of 1.0 HK cent per ordinary share (2020: 1.0 HK cent per ordinary share)	5,018	4,981
Special dividend in respect of the previous financial year paid during the year, of 2.5 HK cents per ordinary share (2020: 1.5 HK cents per ordinary share)	<u>12,452</u>	<u>7,411</u>
	<u>17,470</u>	<u>12,392</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is one of the well-established one-stop logistics service provider specializing in Fast Moving Consumer Goods (“**FMCG**”) and food and beverage (“**F&B**”), including pet food. Most of our customers are leading multi-national enterprises and our services are tailored for their unique needs. In addition, the Group has entered into the distribution business after we acquired a subsidiary in Macau in 2019 and a non-wholly owned subsidiary in Hong Kong in 2020.

During 2021, the recovery of the external economic environment was slow and full of challenge with variants of the COVID-19 pandemic. According to the Report entitled “Gross Domestic Product (“**GDP**”) (Yearly)” released by the Census and Statistics Department of the Government of the Hong Kong Special Administrative Region (“**C&SD**”), the year-on-year rate of change in real terms of GDP for 2021 increased by 6.4%. Another publication entitled “Report on Monthly Survey of Retail Sales” for December 2021 released by C&SD, the value of the total retail sales has provisionally been estimated to have increased by 8.1% in value over that of 2020 as a whole. However, the value of “food, alcoholic drinks and tobacco (other than supermarkets)” and “supermarkets and supermarket sections of department stores” recorded the decline of 2.7% and 8.2%, respectively. These reflected our major customers are also under high economic pressure and brought chain impact to our performance. Meanwhile, the Group applied different measures to save cost and attract new customers, thus managed to maintain the pretax profit margin of logistics solution and customisation business at 8.6% (excluding Government grant), even the overall revenues recorded a decline during 2021.

Nevertheless, the business environment in Macau was better than that of Hong Kong during 2021. According to the report of “Macao Economic Bulletin (Third Quarter)” issued by Statistics and Census Service of Government of Macao Special Administrative Region (“**SCSM**”), the year-on-year rate of change in real terms of GDP of retail sales turnover up to third quarter of 2021 in Macau increased by 78.1%, which indicated that the market recovery was on going. The Group has successfully caught the chance and achieved a high record growth in the Macau operation in 2021.

Achievement in 2021

Despite that fact that the road of recovery is still long and full of challenges, the Group has successfully continued our strong performance in 2021 and achieved a significant growth in the distribution business as a result of our strategic move 2 years ago. Moreover, the Group managed to safeguard its core business in the logistics solution and the customerization business and managed to keep the pre-tax profit margin at around 8.6% (exclude Government grants) during this harsh period.

Since the commencement of our Macau operation in 2019, the Group has successfully turned the Macau operation into a profit-making business in two years' time. After the Group obtained the requisite medical licenses, we are able to provide the principals of various international brands with the most suitable sales and marketing strategy for distribution of their products. Currently, the Group co-operates with several well-known international brands which include a milk powder producer based in Europe and a health care product producer based in Asia. With the market recovery in Macau, we achieved a remarkable increment in sales by about 5 times when compared with that for the same period in 2020 due to our successful connection with certain new principals of international brands. With the experience gained from our Macau operation, the Group planned to adopt the similar model in our Hong Kong operation once the COVID-19 pandemic threats have diminished.

As dragged down by the COVID-19 pandemic, the growth of our core business in the logistics and the customization business has been disrupted. The revenue generated from these 2 businesses dropped in 2021 as the Group was facing the economic downturn. Nevertheless, the Group reacted quickly to the adverse situation and took measures to maximize our profit by enhancing our service quality and improving our efficiency technology to satisfy the needs of the customers.

The logistics and transportation operation has also been adversely affected by the COVID-19 pandemic. During 2021, the Group worked with one of our major strategic partners to restructure the total logistics arrangement for our mutual customers. The Group began to provide services to an international customer in the food and beverage sector based in Europe after we gained our accreditation of ISO 22000 (Food Safety Management System) in 2020.

The Group continued to review the utilization of our warehouse during 2021. We have renovated certain parts of our warehouse to increase the capacity and occupancy of the warehouse. The Group will continue to enlarge our customer base and have started to provide services to several famous groups in the fast moving consumer goods segment and in the food and beverage sector, of which one of them is a multinational corporation. This is in line with our corporate growth strategy. We believe that our strong consumer base is a proof of our professional image and quality recognition.

In 2021, we took one more step to expand our services in Shenzhen through our working partners in China. It was a great move as we are facing an enormous market and opportunities. This could further reinforces our total logistic network among the Pearl River Delta area and provides a better solution to our customers.

The Group is flattered with the trust from our customers, but we never forget to enhance our competitive power. Quality assurance and technology are always our focuses to maintain our high quality service. Thanks for the efforts of our quality assurance colleagues, the Group has successfully passed the quality audit with the strict requirements of a multinational pharmaceutical company headquartered in Europe. This enables the Group to develop another new business sector in the pharma sector in the near future. Our years of effort has built up a world class standard to exceed our customers' requirements.

The Group has also upgraded our transportation management system that allows the end customers to trace and track the delivery status of their goods. This system helps to fulfill the needs of consumer level, not only our customers, but also to their customers. This will increase the traceability and visibility of our services and also lay down our foundation to Business to Consumer (“**B2C**”) solution in the future.

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

Outlook

The situation of the COVID-19 pandemic in Hong Kong is getting serious in the first quarter of 2022. However, we believe that the global economy will gradually recover with the increased vaccine injection rate, availability of oral pills and the re-opening of the travel window. In the short run, we will continue to adopt a cautious approach to manage our operation and look for opportunities to expand our business and market. Although the market is full of uncertainty, the management noticed that more opportunities are available as the demand for logistics services has increased due to the temporary suspension of business of some of our competitors. We believe that our high quality service and our experienced team will be able to continue to provide our customers with good quality services and create value for our customers.

The Group will continue to devote its effort in preventing the spreading of the COVID-19 pandemic in its premises and to ensure the health and safety of our employees and customers. The Group will continue to optimize our services quality and IT systems to upgrade ourselves and implement more stringent cost control measures to further improve our cost efficiency. We believe that our strategic move as a fourth party logistics services provider is our key successful road in the future.

Financial Review

Revenue

The revenue of the Group increased by approximately 58.5% from approximately HK\$212.3 million for the year ended 31 December 2020 to approximately HK\$336.5 million for the year ended 31 December 2021. The increase in revenue was mainly attributable to the growth of the distribution business in 2021.

Other net income

Other net income comprised bank interest income, rental income from motor vehicle, Government grants and other miscellaneous income. Other net income amounted to HK\$11.8 million and HK\$2.5 million for the year ended 31 December 2020 and the year ended 31 December 2021 respectively. The decrease is mainly due to the less Government grants were received in 2021.

Employee benefits expenses

Employee benefits expenses primarily consisted of wages and salaries, shares award, medical benefits, and other allowances and benefits. Our employee benefits expenses amounted to approximately HK\$54.9 million for the year ended 31 December 2021 (2020: HK\$58.3 million). The decrease is mainly due to the decrease in the number of employees. Our Group had a total of 221 and 195 full-time employees as at 31 December 2020 and 31 December 2021 respectively. The decrease in the number of staff is due to natural wastage and the streamlining of the Group's organisation structure.

Other expenses

Other expenses mainly include other operating cost for the warehousing and value-added services, electricity, repairs and maintenance, consumables, entertainment, rates, office and store supplies. For the years ended 31 December 2020 and 2021, other expenses amounted to approximately HK\$16.2 million and HK\$17.7 million respectively. The increment is mainly due to the increase in warehouse expense as a result of the increase in the volume of the distribution business.

Taxation

Income tax expense represents the provision of Hong Kong profits tax and Macau Complementary tax calculated at 16.5% and 12.0% respectively of the estimated assessable profits during the year ended 31 December 2021. Both the Hong Kong SAR Government and the Macau SAR Government granted a reduction of profits tax for the year of assessment 2021-2022. Please refer to Note 5 to this announcement for details.

Profit and total comprehensive income for the year ended 31 December 2021

The Group recorded a net profit of approximately HK\$16.0 million for the year ended 31 December 2021, representing a decrease of approximately 23.6% when compared to that for the year ended 31 December 2020. The decrease in the net profit is mainly due to the combined effect of the receipt of less Government grants which net-off the increased in contribution from the distribution business.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operation and investments are financed principally by cash generated from its business operations and bank borrowings. As at 31 December 2021, the Group had net current assets of approximately HK\$66.0 million (2020: approximately HK\$80.1 million), cash and cash equivalents and bank borrowings of approximately HK\$39.3 million (2020: HK\$62.0 million) and HK\$4.5 million (2020: HK\$4.5 million) as at 31 December 2021, respectively. The Directors have confirmed that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

GEARING RATIO

As at 31 December 2021, the gearing ratio (calculated on the basis of total bank borrowings divided by total assets at the end of the year) of the Group was 0.02 (2020: 0.02).

FOREIGN CURRENCY RISK

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

CAPITAL COMMITMENT

As at 31 December 2021, the Group did not have material capital commitments (2020: Nil).

OTHER INFORMATION

Scope of work of KPMG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2021 as set out in preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

DIVIDEND

On Monday, 30 August 2021, the Board declared an interim dividend of 1.0 HK cent per share of the Company, amounting to approximately HK\$5,018,000 in total (the "**Interim Dividend**"). The Interim Dividend has been paid on Wednesday, 6 October 2021 to the shareholders of the Company (the "**Shareholder(s)**") whose names appear on the register of members of the Company on Friday, 17 September 2021.

On Thursday, 25 November 2021, the Board declared a special dividend of 1.0 HK cent per share of the Company, amounting to approximately HK\$5,018,000 in total (the "**Special Dividend**"). The Special Dividend has been paid on Tuesday, 4 January 2022 to the shareholders of the Company whose names appear on the register of members of the Company on Thursday, 16 December 2021.

The Board is pleased to announce that at the Board meeting held on 24 March 2022, resolutions have been passed to recommend the payment of a final dividend (the "**Final Dividend**") of 2.0 HK cents (2020: 1.0 HK cent) per share amounting to approximately HK\$10,037,000 in aggregate.

The Final Dividend has been recommended by the Board and is subject to approval by the shareholders of the Company in the forthcoming Annual General Meeting. The Final Dividend (if approved by the shareholders in the forthcoming Annual General Meeting) will be paid in cash on or around Thursday, 14 July 2022 to the shareholders whose names appear on the register of members of the Company at the close of business on Monday, 27 June 2022, being the record date for determination of entitlements to the Final Dividend.

To determine the persons who are entitled to the proposed Final Dividend of 2.0 HK cents per share for the year ended 31 December 2021, the register of members of the Company will be closed from Thursday, 23 June 2022 to Monday, 27 June 2022, both days inclusive, during which period no transfer of shares will be registered. In order for a shareholder to qualify for the Final Dividend, all transfer forms accompanied by relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 22 June 2022.

CAPITAL STRUCTURE

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

CHARGE ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2021, the Group has bank borrowings of approximately HK\$4.5 million (2020: HK\$4.5 million). The subsidiaries within the Group have banking facilities of HK\$39.0 million (2020: HK\$55.0 million), in which HK\$29.0 million (2020: HK\$45.0 million) and HK\$10.0 million (2020: HK\$10.0 million) are guaranteed by the Group and co-guaranteed by the Group and non-controlling interests, respectively.

The Group has no material contingent liabilities as at 31 December 2021 (2020: Nil).

MATERIAL ACQUISITIONS AND DISPOSAL

On 11 June 2021, the Group entered into a renewal of tenancy agreement with the landlord and recognized an addition of right-of-use assets and lease liabilities of HK\$106 million respectively during the year ended 31 December 2021. For details, please refer to the announcements of the Company dated on 22 June 2021 and 28 June 2021 and the circular of the Company dated on 26 July 2021, respectively, regarding the major transaction in relation to the renewal of the tenancy agreements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group employed 195 (31 December 2020: 221) full time employees. We determine the employee's remuneration based on factors such as qualification, duty, contributions and years of experience.

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

During the year, the Company and any of its subsidiaries did not purchase, sell or redeem any of the Company's listed securities.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions By Directors of Listed Issuers in Appendix 10 of the Listing Rules. The Company, having made specific enquiry of all the Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the year ended 31 December 2021.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31 December 2021, the Directors and their associates and chief executives had the following interests or short positions in shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”):

Interests in the Company

Name of Director and Chief Executive	Capacity	Number of shares held/ interested			Percentage of Company's issued share capital
		Personal interests	Other interests	Total interests	
Mr. Yeung Kwong Fat (<i>Note 1, 2</i>)	Interest in a controlled corporation; and beneficial owner	15,112,000	81,392,000	96,504,000	19.23%
Mr. Lee Kam Hung (<i>Note 1, 3</i>)	Interest in a controlled corporation; and beneficial owner	3,968,000	143,796,000	147,764,000	29.44%
Mr. Luk Yau Chi, Desmond (<i>Note 1, 4</i>)	Interest in a controlled corporation; and beneficial owner	5,852,000	76,060,000	81,912,000	16.32%
Mr. How Sze Ming (<i>Note 5</i>)	Beneficial owner	64,000	–	64,000	0.01%
Mr. Jung Chi Pan Peter (<i>Note 6</i>)	Beneficial owner	64,000	–	64,000	0.01%
Mr. Mak Tung Sang (<i>Note 7</i>)	Beneficial owner	64,000	–	64,000	0.01%

Notes:

- As Mr. Yeung, Mr. Lee and Mr. Luk no longer intend to be bound by the acting in concert arrangement with each other for the purpose of family wealth and estate planning regarding their respective interests in the Company, they have on 9 July 2018 entered into a deed of termination (the “**Termination Deed**”) to terminate the acting in concert arrangement under the Confirmatory Deed. Please refer to the announcement published by the Company on 9 July 2018 for details.
- 96,504,000 Shares in which Mr. Yeung is interested consist of (i) 81,392,000 Shares held by Orange Blossom International Limited, a company wholly owned by Mr. Yeung, in which Mr. Yeung is deemed to be interested under the SFO, and (ii) 15,112,000 Shares are directly held by Mr. Yeung.

3. 147,764,000 Shares in which Mr. Lee is interested consist of (i) 143,796,000 Shares held by Best Matrix Global Limited, a company wholly owned by Mr. Lee, in which Mr. Lee is deemed to be interested under the SFO, and (ii) 3,968,000 Shares are directly held by Mr. Lee.
4. 81,912,000 Shares in which Mr. Luk is interested consist of (i) 76,060,000 Shares held by Leader Speed Limited, a company wholly owned by Mr. Luk, in which Mr. Luk is deemed to be interested under the SFO, and (ii) 5,852,000 Shares are directly held by Mr. Luk.
5. 64,000 Shares are directly held by Mr. How.
6. 64,000 Shares are directly held by Mr. Jung.
7. 64,000 Shares are directly held by Mr. Mak.

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 2021, none of the Directors and chief executive of the Company had any interests and short positions in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) or (ii) which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO or (iii) which were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2021, the following persons (other than Directors or Chief Executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity	Number of Shares/ underlying Shares held/ interested	Percentage of Company's issued share capital
Best Matrix Global Limited (Note 1)	Beneficial owner	143,796,000	28.65%
Leader Speed Limited (Note 1)	Beneficial owner	76,060,000	15.16%
Orange Blossom International Limited (Note 1)	Beneficial owner	81,392,000	16.22%
Ms. Law Wai Yee (Note 2)	Interest of spouse	96,504,000	19.23%
Ms. Chan Pik Shan (Note 3)	Interest of spouse	147,764,000	29.44%
Ms. Wong Soo Fung (Note 4)	Interest of spouse	81,912,000	16.32%
Ms. Hui Pui Shan (Note 5)	Interest of spouse	64,000	0.01%
Ms. Chan Ka Man (Note 6)	Interest of spouse	64,000	0.01%
Ms. Wong Shuk Ling Janine (Note 7)	Interest of spouse	64,000	0.01%

Notes:

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

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

Save as disclosed herein, the Company has not been notified of any other person (other than a Director or a chief executive of the Company) who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 December 2021.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2021 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 31 December 2021 or at any time during the year ended 31 December 2021.

COMPETING INTEREST

For the year ended 31 December 2021, the Directors are not aware of any business or interest of the Directors, the Controlling Shareholders, the management shareholders and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest.

CORPORATE GOVERNANCE PRACTICES

The Directors consider that incorporating the core elements of good corporate governance in the management structure and internal control procedures of the Group would help to balance the interest of the shareholders, customers and employees of the Company. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Listing Rules to ensure that the Group’s business activities and decision making processes are regulated in a proper and prudent manner. In accordance with the requirements of the Listing Rules, the Company has established an Audit Committee, a Nomination Committee and a Remuneration Committee with specific written terms of reference.

Except for the deviation from CG Code provision C.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 2021 are set out in the 2021 annual report.

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

The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high-caliber individuals, with 3 of them being Independent Non-executive Directors.

AUDIT COMMITTEE

The board has established an audit committee (the “**Audit Committee**”) on 16 December 2015, which operates under terms of reference approved by the Board. It is the Board’s responsibility to ensure that an effective internal control and risk management framework exists within the entity. This includes internal controls, risk management to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated to the Audit Committee the responsibility for the initial establishment and the maintenance of a framework of internal controls, risk management and ethical standards for the Group’s management. The Audit Committee currently comprises three Independent Non-executive Directors, namely Mr. How Sze Ming, Mr. Mak Tung Sang and Mr. Jung Chi Pan Peter. Mr. How Sze Ming is the chairman of the Audit Committee. The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2021.

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

Hong Kong, 24 March 2022

As at the date of this announcement, the Executive Directors are Mr. Yeung Kwong Fat, Mr. Lee Kam Hung and Mr. Luk Yau Chi Desmond; and the Independent Non-executive Directors are Mr. How Sze Ming, Mr. Jung Chi Pan, Peter and Mr. Mak Tung Sang.

In case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.