

World-link LOGISTICS

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

2024 Interim Report



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CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Independent Non-executive Directors

Mr. How Sze Ming
Mr. Mak Tung Sang
Mr. Jung Chi Pan, Peter

Company Secretary

Mr. Cheng Sing Yuen, CPA

Board Committees

Audit Committee

Mr. How Sze Ming (*Chairman*)
Mr. Mak Tung Sang
Mr. Jung Chi Pan, Peter

Nomination Committee

Mr. Yeung Kwong Fat (*Chairman*)
Mr. Mak Tung Sang
Mr. Jung Chi Pan, Peter

Remuneration Committee

Mr. Mak Tung Sang (*Chairman*)
Mr. Luk Yau Chi, Desmond
Mr. Jung Chi Pan, Peter

Authorised Representatives

Mr. Yeung Kwong Fat
Mr. Cheng Sing Yuen

Company's Website

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

Auditor

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered
in accordance with the Accounting and
Financial Reporting Council Ordinance

Registered Office in the Cayman Islands

Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

Legal Adviser

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

Headquarters and Principal Place of Business in Hong Kong

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

Principal Share Registrar and Transfer Office in the Cayman Islands

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Principal Bankers

The Bank of East Asia
Fubon Bank
Standard Chartered Bank
OCBC Bank (Macau) Limited

Stock Code

6083

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

For the six months ended 30 June 2024

		Six months ended 30 June	
	Notes	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	3	149,889	154,759
Other income		1,758	1,207
Employee benefits expenses		(30,431)	(27,933)
Depreciation of property, plant and equipment and right-of-use assets		(22,577)	(22,263)
Operating lease rentals in respect of rented premises		(457)	(352)
Sub-contracting expenses		(15,068)	(16,083)
Cost of products recognised		(65,884)	(70,456)
Operating lease rental in respect of plant, machinery and equipment		(464)	(258)
Other expenses	5	(8,149)	(7,435)
Profit from operations		8,617	11,186
Finance costs		(209)	(717)
Profit before taxation		8,408	10,469
Income tax expense	6	(1,359)	(1,428)
Profit and total comprehensive income for the period		7,049	9,041
Attributable to:			
Equity shareholders of the Company		7,231	9,031
Non-controlling interests		(182)	10
Profit and total comprehensive income for the period		7,049	9,041
Earnings per share (HK cents)	8		
Basic and diluted		1.44	1.80

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	5,065	6,556
Right-of-use assets	10	81,790	23,755
Rental deposits		7,421	297
Deferred tax assets		2,165	2,399
		96,441	33,007
Current assets			
Inventories – finished goods		43,441	112,588
Trade and other receivables and contract assets	11	76,622	105,887
Tax recoverable		–	102
Rental deposits		140	7,184
Bank balances and cash		67,164	37,969
		187,367	263,730
Current liabilities			
Trade and other payables and accrued expenses and contract liabilities	12	85,184	142,754
Tax payable		2,008	966
Reinstatement Provisions		–	499
Lease liabilities		39,857	23,458
Amounts due to non-controlling interests		506	506
Dividend payable		–	10,037
Bank borrowings		2,000	2,000
		129,555	180,220
Net current assets		57,812	83,510
Total assets less current liabilities		154,253	116,517

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Note	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Non-current liabilities			
Reinstatement provisions		499	–
Long service payment obligation		1,499	1,437
Lease liabilities		41,972	1,809
		43,970	3,246
NET ASSETS		110,283	113,271
CAPITAL AND RESERVES			
Share capital	13	5,018	5,018
Reserves		104,153	106,959
Total equity attributable to equity shareholders of the Company		109,171	111,977
Non-controlling interest		1,112	1,294
TOTAL EQUITY		110,283	113,271

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to the owners of the Company					Non-controlling interest	Total equity
	Share capital	Share premium	Merger reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023 (audited)	5,018	66,139	10	35,840	107,007	2,254	109,261
Profit and total comprehensive income for the period	-	-	-	9,031	9,031	10	9,041
Dividends	-	-	-	(5,018)	(5,018)	-	(5,018)
At 30 June 2023 (unaudited)	5,018	66,139	10	39,853	111,020	2,264	113,284
At 1 January 2024 (audited)	5,018	66,139	10	40,810	111,977	1,294	113,271
Profit and total comprehensive income for the period	-	-	-	7,231	7,231	(182)	7,049
Dividends	-	-	-	(10,037)	(10,037)	-	(10,037)
At 30 June 2024 (unaudited)	5,018	66,139	10	38,004	109,171	1,112	110,283

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	71,847	25,673
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(256)	(787)
Interest received	190	83
NET CASH USED IN INVESTING ACTIVITIES	(66)	(704)
FINANCING ACTIVITIES		
Capital element of lease rentals paid	(22,303)	(20,821)
Interest element of lease rentals paid	(138)	(621)
Interest paid	(71)	(96)
Dividends paid	(20,074)	(15,056)
NET CASH USED IN FINANCING ACTIVITIES	(42,586)	(36,594)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	29,195	(11,625)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	37,969	54,149
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	67,164	42,524

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. GENERAL INFORMATION

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

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

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

These unaudited condensed consolidated financial statements were authorised for issue on 27 August 2024.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

This interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out below.

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

This interim financial report contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. These unaudited condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* ("2020 amendments")

Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants* ("2022 amendment")

Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*

Amendments to HKAS 7, *Statement of cash flows and HKFRS 7, Financial instruments: Disclosures – Supplier finance arrangements*

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

3. REVENUE

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Supply chain management service income	73,210	77,123
Full service distribution sales	76,679	77,636
	149,889	154,759

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

4. SEGMENT INFORMATION

The Group's operating segments are determined based on information reported to the chief operating decision maker of the Group (the Executive Directors of the Company who are also directors of all operating subsidiaries) (the "CODM"). The CODM reviews the revenue and results analysis of the Group on a regular basis by (i) supply chain management service business; and (ii) full service distribution business. No operating segments have been aggregated in arriving at the reportable segments of the Group. No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM.

Segment revenue and results

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

For the six months ended 30 June 2024

	Supply chain management service business HK\$'000 (Unaudited)	Full service distribution business HK\$'000 (Unaudited)	Segment total HK\$'000 (Unaudited)	Eliminations HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Disaggregated by timing of revenue recognition					
Point in time	51,672	76,679	128,351	-	128,351
Overtime	21,538	-	21,538	-	21,528
Revenue					
Revenue from external customers	73,210	76,679	149,889	-	149,889
Inter-segment revenue	5,453	-	5,453	(5,453)	-
	78,663	76,679	155,342	(5,453)	149,889
Results					
Segment results	7,751	1,165			8,916
Unallocated corporate income					-
Unallocated corporate expenses					(508)
Profit before taxation					8,408

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

4. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 30 June 2023

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

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

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

4. SEGMENT INFORMATION (Continued)

Other segment information

For the six months ended 30 June 2024

	Supply chain management service business HK\$'000 (Unaudited)	Full service distribution business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Addition to property, plant and equipment	249	7	256
Addition to right-of-use assets	78,581	284	78,865

For the six months ended 30 June 2023

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

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

5. OTHER EXPENSES

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Legal and professional fees	985	892
Transportation expense	1,900	1,703
Utilities	1,371	1,206
Repair and maintenance	529	480
Warehouse expense	869	871
Packing materials	193	162
Insurance	941	872
Miscellaneous	1,361	1,249
	8,149	7,435

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Current income tax		
– Hong Kong Profits Tax	1,075	1,362
– Macau Complementary Tax	45	95
Deferred taxation	239	(29)
Total income tax expense for the period	1,359	1,428

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2024 (for the six months ended 30 June 2023: 16.5%). Macau corporate tax is calculated at 12% of the estimated assessable profits for the six months ended 30 June 2024 (for the six months ended 30 June 2023: 12%).

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

7. DIVIDEND

A special dividend (the “Special Dividend”) of 2.0 HK cents (year ended 31 December 2022: 3.0 HK cents) per share amounting to approximately HK\$10,037,000 in aggregate (year ended 31 December 2022: HK\$15,056,000) was declared and approved by the Board pursuant to Article 155(c) of the Company’s Articles of Association on 21 November 2023. The Special Dividend was paid in cash during the six months ended 30 June 2024.

At the Company’s annual general meeting held on 30 May 2024, the shareholders of the Company approved the payment of a final dividend of 2.0 HK cents (year ended 31 December 2022: 1.0 HK cent) per share amounting to approximately HK\$10,037,000 in aggregate (year ended 31 December 2022: HK\$5,018,000) for the year ended 31 December 2023, as recommended by the Board, which was paid in cash to the shareholders of the Company on or around 24 June 2024, whose names appeared on the register of members of the Company on 7 June 2024.

The Board is pleased to announce that at the Board meeting held on Tuesday, 27 August 2024, having considered the business, financial and cash flow position of the Group, the Board has declared an interim dividend of 1.0 HK cent (for the six months ended 30 June 2023: Nil) per share of the Company, amounting to approximately HK\$5,018,000 in aggregate (the “Interim Dividend”). The Interim Dividend will be payable on or around 30 September 2024 to the shareholders of the Company (the “Shareholder(s)”) whose names appear on the register of members of the Company on 9 September 2024.

The register of members of the Company will be closed from Monday, 9 September 2024 to Wednesday, 11 September 2024, during which period no transfer of shares of the Company will be registered. In order for a Shareholder to qualify for the Interim Dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 6 September 2024.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$7,231,000 (for the six months ended 30 June 2023: HK\$9,031,000) and the weighted average of 501,843,000 ordinary shares (as at 30 June 2023: 501,843,000) in issue during the six months ended 30 June 2024, calculated as follows:

Weighted average number of ordinary shares

	2024 '000 (Unaudited)	2023 '000 (Unaudited)
Weighted average number of ordinary shares used in calculating basic earnings per share	501,843	501,843

(b) Diluted earnings per share

For the periods ended 30 June 2024 and 2023, diluted earnings per share equals basic earnings per share as there was no dilutive potential shares.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired approximately HK\$256,000 (six months ended 30 June 2023: approximately HK\$787,000) of equipment.

10. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2024, additions to right-of-use assets were HK\$78,865,000 (six months ended 30 June 2023: HK\$960,000) primarily related to the capitalised lease payments payable under renewal of tenancy agreements.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

11. TRADE RECEIVABLES

	30 June 2024	31 December 2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade receivables, net of loss allowance	73,161	100,993

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

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

	30 June 2024	31 December 2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
0 – 30 days	23,942	41,964
31 – 60 days	18,637	34,226
61 – 90 days	16,008	18,216
Over 90 days	14,574	6,587
	73,161	100,993

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

	30 June 2024	31 December 2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade payables	76,668	131,766
Accrued employees benefits	1,344	4,096
Accrued expenses	4,541	3,867
Other payables	1,426	2,087
Contract liabilities	1,205	938
	85,184	142,754

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

12. TRADE AND OTHER PAYABLES, ACCRUED EXPENSES AND CONTRACT LIABILITIES (Continued)

All of the trade and other payables and accrued expenses are expected to be settled within one year or are payable on demand. As at 30 June 2024, the aging analysis of trade payables based on invoice date, is as follows:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
0 – 30 days	14,093	128,410
31 – 60 days	2,087	1,784
61 – 90 days	4,430	1,524
Over 90 days	56,058	48
	76,668	131,766

13. SHARE CAPITAL

	Number of shares		Share capital	
	30 June 2024 '000 (Unaudited)	31 December 2023 '000 (Audited)	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Issued and fully paid: At beginning and end of the period/year	501,843	501,843	5,018	5,018

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is one of the well-established one-stop logistics supply chain management service provider specializing in Fast Moving Consumer Goods (“FMCG”) and food and beverage (“F&B”), which include pet food. Most of our customers are leading multinational enterprises and our services are tailored for their unique needs. In addition, the Group has entered into the full service distribution business after we acquired a wholly-owned subsidiary in Macau in 2019 and a non-wholly owned subsidiary in Hong Kong in 2020, which are principally engaged in distribution sales of medical, health care, snacks, confectionary and light products. Since then, the Group became a total solution provider providing both supply chain management services and full service distribution solution. By engaging in the full services distribution business, the Group aims to provide its customers comprehensive services, which include activities such as warehousing, logistics, inventory management, and sales and marketing support. This expansion allows the Group to play a more significant role in the supply chain and to create more value to its customers in the future.

The global economy is still full of uncertainty and challenges during the first half of 2024. Both the Group and its customers have been affected by the adverse economic conditions during the first half of 2024. The high inflation and the accelerating interest rate environment have significant adverse implications for businesses and consumers alike. According to the Report entitled “Gross Domestic Product (“GDP”) by Expenditure Component (Second Quarter 2024)” 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 GDP up to the second quarter of 2024 increased by 3.3%. The year-on-year value index of retail sales dropped by 9.7% up to the second quarter of 2024 per statistics reported by C&SD. Similarly, the retail industry in Macau recorded a decline as well. The value of retail sales up to the second quarter of 2024 dropped by 23.1%, according to the retail sales survey published by the Government of Macao Special Administrative Region Statistics and Census Service in August 2024.

The Group managed to maintain its profitability during the first half of 2024 under the tough business environment. The overall sales volume has dropped for both the supply chain management services business and the full service distribution business. However, the Group has strictly implemented cost control measures to reduce idle capacity and expenditures. In addition, the recent favourable development of the Group’s full distribution business in Hong Kong is another factor that supports the Group to maintain its profitability and provide new growth engines going forward.

Milestones in 2024

Even though the market condition has not yet recovered as predicted, the Board is determined to provide the customers a comprehensive solution. Since 2019, the Group's strategic plan is to set up its distribution arm through acquisition in Hong Kong and Macau. Moreover, the Group's plan to become a fourth-party logistics ("4PL") service provider is still on track. In 2023, the Group has set up a new subsidiary in Hong Kong to engage in full services distribution business. The successful expansion and recruitment efforts signify the Group's commitment to growth and its proactive approach to adapting to the changing market conditions. The Group has successfully contracted with a well-known brand chocolate manufacturer group based in Europe (a group which is globally active, develops, produces and sells chocolate products in the premium quality segment) and has been appointed as its official distributor in Hong Kong and Macau since the second half of 2023. More importantly, the Group has successfully established a distribution sales network with key accounts customers which include supermarkets, department stores, chains stores, e-shops and other wholesalers and retailers. This network is beneficial to the Group's future expansion.

The Group continues to reinforce its core logistics solution services business. During the first half of 2024, the Group has further expanded its cold chain business with a multinational food and drink processing conglomerate corporation headquartered in Europe, on top of our existing services. Such expansion is due to the recognition of market and customers' satisfaction of the Group's quality services. With the well established foundation of our logistics backbone, the Group is expected to leverage its operation scales and experience to provide its customers additional value added services and the best quality service.

The Group always takes into consideration the aspects of Environmental, Social, and Governance ("ESG") in its operation. The Group has adopted different methods to achieve its goal as a responsible enterprise. During 2024, the Group has co-operated with banks by providing funds to their green projects and has responded to the society by donation of products and materials to charitable entities.

With its motto "Always Can Do", the Group is committed to provide reliable and professional one stop logistics solutions with value added chains to enhance efficiency and maintain a competitive advantage for its customers. The Group will continue to make our best effort to stay ahead of our competitors by providing quality services.

Management Discussion and Analysis

Outlook

The global economy recession may continue in the coming years. The management of the Group remains cautious with the performance of the Group in the second half of 2024. However, the Group will continue to improve itself and to prepare for opportunities which may arise.

Financial Review

Revenue

The revenue of the Group decreased by approximately 3.1% from approximately HK\$154.8 million for the six months ended 30 June 2023 to approximately HK\$149.9 million for the six months ended 30 June 2024. The decrease in revenue was due to the overall downturn of the global economy.

Revenue generated from our supply chain management service business decreased by approximately 5.1% from approximately HK\$77.1 million for the six months ended 30 June 2023 to HK\$73.2 million for the six months ended 30 June 2024. The decrease of revenue was mainly due to the reduction of volume of our service.

Revenue generated from our full service distribution business decreased by approximately 1.2% from approximately HK\$77.6 million for the six months ended 30 June 2023 to HK\$76.7 million for the six months ended 30 June 2024. The decrease in revenues was due to the reduction in the demand on disinfectionary products and more conservative consumption pattern of our customers.

Employee benefits expenses

Employee benefits expenses primarily consist of wages and salaries, medical benefits, and other allowances and benefits. Our employee benefits expenses amounted to approximately HK\$30.4 million for the six months ended 30 June 2024 (for the six months ended 30 June 2023: HK\$27.9 million). Our Group had a total of 177 and 191 full-time employees as at 30 June 2023 and 30 June 2024 respectively.

Other expenses

Other expenses mainly include other operating cost for warehousing and value-added services, electricity, repair and maintenance, consumables, entertainment, rates and office and store supplies. For the six months ended 30 June 2024, other expenses amounted to approximately HK\$8.1 million (for the six months ended 30 June 2023: HK\$7.4 million). The increase of approximately 9.6% was mainly due to the increase in general office and administrative expenses for full services distribution and inflation.

Taxation

The taxation mainly represents the provision of Hong Kong Profits Tax and Macau Corporate Tax calculated at 16.5% and 12.0% of the estimated assessable profits during the six months ended 30 June 2023 and 2024, respectively.

Profit

Our Group recorded a profit of approximately HK\$7.0 million for the six months ended 30 June 2024, representing a decrease of approximately 22.0% when compared with that for the six months ended 30 June 2023. The decrease in profit after taxation was mainly attributable to the reduction in sales volume because of the negative impact from global economic recession and high interest rate environment.

OTHER INFORMATION

Interim Dividend

The Board is pleased to announce that at the Board meeting held on Tuesday, 27 August 2024, having considered the business, financial and cash flow position of the Group, the Board has declared an interim dividend of 1.0 HK cent (for the six months ended 30 June 2023: Nil) per share of the Company, amounting to approximately HK\$5,018,000 in aggregate (the "Interim Dividend"). The Interim Dividend will be payable on or around 30 September 2024 to the shareholders of the Company (the "Shareholder(s)") whose names appear on the register of members of the Company on 9 September 2024.

The register of members of the Company will be closed from Monday, 9 September 2024 to Wednesday, 11 September 2024, during which period no transfer of shares of the Company will be registered. In order for a Shareholder to qualify for the Interim Dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 6 September 2024.

Liquidity and Financial Resources

The Group's operation and investments during the reporting period were financed principally by cash generated from its business operations and bank borrowings. As at 30 June 2024, the Group had net current assets of approximately HK\$57.8 million (31 December 2023: approximately HK\$83.5 million) and cash and cash equivalents and bank borrowings of approximately HK\$67.2 million as at 30 June 2024 (31 December 2023: approximately HK\$38.0 million) and HK\$2.0 million (31 December 2023: approximately HK\$2.0 million) as at 30 June 2024. The Directors have confirmed that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

Gearing Ratio

As at 30 June 2024, the gearing ratio (calculated on the basis of total bank borrowings divided by total assets at the end of the period/year) of the Group was 0.01 (31 December 2023: 0.01).

Foreign Currency Risk

The Group's business activities are in Hong Kong and Macau and are denominated in Hong Kong dollars and Macau Patacas except for certain trade payables balance denominated in Swiss Franc which the Group has agreed to a fixed exchange rate with the vendor. The Group currently does not have a foreign currency hedging policy. However, the Directors will continue to monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Capital Commitment

As at 30 June 2024, the Group did not have material capital commitments (31 December 2023: Nil).

Capital Structure

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

Material Acquisitions and Disposal

On 20 June 2024, the Group entered into Offer Letters for Renewal of the Existing Tenancy Agreements with the landlord and recognized an addition of right-of-use assets and lease liabilities of approximately HK\$69 million, during the six months ended 30 June 2024. Subsequently the Group entered into formal tenancy agreements on 15 July 2025. For details, please refer to the announcements of the Company dated on 20 June 2024 and 7 July 2024, and the circular of the Company dated on 26 July 2024, in relation to the renewal of the existing tenancy agreements.

For the year ended 31 December 2023, the Group did not have material acquisitions and disposal.

Employees and Remuneration Policies

As at 30 June 2024, the Group employed 191 (31 December 2023: 206) full time employees. We determine the employee's remuneration based on factors such as qualification, duty, contributions and years of experience and the prevailing market condition.

Charge on the Group's Assets and Contingent Liabilities

As at 30 June 2024, the Group has bank borrowings of approximately HK\$2.0 million (31 December 2023: HK\$2.0 million). Several subsidiaries have obtained banking facilities of HK\$25.0 million (31 December 2023: HK\$25.0 million), in which HK\$15.0 million (31 December 2023: HK\$15.0 million) and HK\$10.0 million (31 December 2023: HK\$10.0 million) are guaranteed by the Group and co-guaranteed by the Group and non-controlling interests, respectively.

Other Information

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

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions By Directors of Listed Issuers in Appendix C3 of the Listing Rules. The Company, having made specific enquiry of all the Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the six months ended 30 June 2024.

Directors' and Chief Executives' Interests in Shares

As at 30 June 2024, the Directors and their associates had the following interests or short positions in shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"):

Interests in the Company

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

Notes:

1. 97,200,000 Shares in which Mr. Yeung is interested consist of (i) 82,088,000 Shares held by Orange Blossom International Limited, a company wholly owned by Mr. Yeung, in which Mr. Yeung is deemed to be interested under the SFO, and (ii) 15,112,000 Shares is directly held by Mr. Yeung.
2. 147,764,000 Shares in which Mr. Lee is interested consist of (i) 143,796,000 Shares held by Best Matrix Global Limited, a company wholly owned by Mr. Lee, in which Mr. Lee is deemed to be interested under the SFO, and (ii) 3,968,000 Shares is directly held by Mr. Lee.
3. 81,192,000 Shares in which Mr. Luk is interested consist of (i) 76,060,000 Shares held by Leader Speed Limited, a company wholly owned by Mr. Luk, in which Mr. Luk is deemed to be interested under the SFO, and (ii) 5,852,000 Shares is directly held by Mr. Luk.
4. 64,000 Shares are directly held by Mr. How, Mr. Jung and Mr. Mak respectively.

Interests in associated corporation(s) of the Company

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of shares	Percentage of shareholding
Mr. Yeung	Orange Blossom International Limited	Beneficial interests	1	100%
Mr. Lee	Best Matrix Global Limited	Beneficial interests	1	100%
Mr. Luk	Leader Speed Limited	Beneficial interests	1	100%

Save as disclosed above, as at 30 June 2024, 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.

Other Information

Substantial Shareholders' Interests in Shares

As at 30 June 2024, the following persons (other than Directors or chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity	Number of Shares/ underlying Shares held/ interested	Percentage of Company's issued share capital
Best Matrix Global Limited	Beneficial owner	143,796,000	28.65%
Leader Speed Limited	Beneficial owner	76,060,000	15.16%
Orange Blossom International Limited	Beneficial owner	82,088,000	16.36%
Ms. Law Wai Yee (Note 1)	Interest of spouse	97,200,000	19.37%
Ms. Chan Pik Shan (Note 2)	Interest of spouse	147,764,000	29.44%
Ms. Wong Soo Fung (Note 3)	Interest of spouse	81,912,000	16.32%

Notes:

1. 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.
2. 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.
3. Ms. Wong Soo Fung is the spouse of Mr. Luk and is deemed, or taken to be, interested in Shares in which Mr. Luk has interest under the SFO.

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

Save as disclosed herein, the Company has not been notified of any other person (other than a Director or a chief executive of the Company) who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 June 2024.

Arrangements to Purchase Shares or Debentures

Save as disclosed in this interim report, at no time during the six months ended 30 June 2024 was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interests in Contracts of Significance

No contract of significance, to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of 30 June 2024 or at any time during the six months ended 30 June 2024.

Competing Interest

For the six months ended 30 June 2024, the Directors are not aware of any business or interest of the Directors, the Controlling shareholders, the management shareholders and their respective associates (as defined under the Rules Governing the Listing of Securities on the Stock Exchange) that compete or may compete with the business of the Group and any other conflict of interest.

Corporate Governance

Except for the deviation from CG Code provision C.2.1 of the Corporate Governance Code Appendix C1 of The Rules Governing the Listing of Securities on the Stock Exchange (the "CG Code"), the Company's corporate governance practices have complied with the CG Code.

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

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

Other Information

Audit Committee

The Board has established an audit committee (the “Audit Committee”), which operates under terms of reference approved by the Board. It is the Board’s responsibility to ensure that an effective internal control and risk management framework exists within the entity. This includes internal controls and risk management to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated to the Audit Committee the responsibility for the initial establishment and the maintenance of a framework of internal controls, risk management and ethical standards for the Group’s management. The Audit Committee currently comprises three Independent Non-executive Directors, namely Mr. How Sze Ming, Mr. Mak Tung Sang and Mr. Jung Chi Pan Peter. Mr. How Sze Ming is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2024.

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

Hong Kong, 27 August 2024