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

Annual Report 2017

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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 (appointed on 1 January 2017)
Mr. Jung Chi Pan Peter (appointed on 1 January 2017)

Company Secretary

Ms. Leung Ho Yee, CPA, ACIS ACS

Board Committees

Audit Committee

Mr. How Sze Ming (re-designated as chairman on 13 January 2017)
Mr. Mak Tung Sang (appointed as chairman on 1 January 2017 and re-designated as member on 13 January 2017)
Mr. Jung Chi Pan Peter (appointed on 1 January 2017)

Nomination Committee

Mr. Yeung Kwong Fat *(Chairman)*
Mr. Mak Tung Sang (appointed on 1 January 2017)
Mr. Jung Chi Pan Peter (appointed on 1 January 2017)

Remuneration Committee

Mr. How Sze Ming *(Chairman)* (ceased to be chairman on 13 January 2017)
Mr. Luk Yau Chi, Desmond
Mr. Mak Tung Sang (appointed as chairman on 13 January 2017)
Mr. Jung Chi Pan Peter (appointed on 1 January 2017)

Authorised Representatives

Mr. Yeung Kwong Fat
Ms. Leung Ho Yee

Company's Website

http://www.world-linkasia.com

Auditor

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

Corporate Information

Registered Office

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

Compliance Adviser

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

Legal Adviser

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

Headquarters and Principal Place of Business In Hong Kong

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

CHAIRMAN'S STATEMENT

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

Dear Shareholders,

With great pleasure, I hereby present the annual report for the year ended 31 December 2017 ("2017") on behalf of the Board of Directors (the "Board").

In 2017, the retail sector shown slight improvement comparing with that in 2016. The recovery of the retail sector benefits the Group but on the other hand, the increase in the statutory minimum wage rate imposes an on-going pressure on the Company's costing. With the near-full employment in Hong Kong, the Group faces difficulties in recruiting new staff.

The Group's performance was well in 2017. The total revenue of the Group for the year ended 31 December 2017 increased by 9.3% comparing with that for the year ended 31 December 2016. The increment of the 2017 total revenue comparing with that of 2015 is 30.7%. All in all, on average the increment per year is approximately 15.4% from 2015 to 2017. Our revenue in 2017 surpassed those of 2016. The Company experienced a 17.0% organic growth, denoting a healthy increase of the business of the existing customers. Our customer base and scope expanded strategically. New business contributed 8.6% to the total revenue for the year ended 31 December 2017. One of our new customers is a multi-national family-owned manufacturer of confectionery and pet care brands and its headquarters is in Mclean, Virginia, the United States ("New Customer"). The Group commenced business relationship with this New Customer since October 2017. In order to commence the business relationship with the New Customer, the Company completed the renovation of warehouses and integration of an electronic interchange system.

The profit after tax increased from HK$23.5 million to HK$23.6 million. The profit after tax excluding expenses related to the transfer of listing to the Main Board was HK$ 25.7 million, representing an increment of approximately 9.3% compared to that for the year ended 31 December 2016. The profit margin (excluding the expenses in relation to transfer of listing application) for the year ended 31 December 2017 is 15.7% which is the same as that for the year ended 31 December 2016. The expenses related to the transfer of listing was one-off expenses only. The Group achieved increment in revenue while maintaining the net profit margin at a stable level.

The Group achieved the milestone and successfully listed on the Main Board of the Stock Exchange on 15 November 2017. The success relies on the contribution of our valued workforce throughout the years and supports from our valued customers.

Business Review

Owing to the solid foundation we have built in 2016, we are able to achieve prominent success in 2017. We achieved a 19.6% revenue increment in 2016, compared to that of 2015. Our team has grown stronger, gaining advance in 2017 and achieved 9.3% increment of revenue.

Quality is the Group's objective. The sound basis we created in 2017, such as being granted quality certification ISO9001:2015, contributed to the progress ahead.

Outlook

Notwithstanding previous and current challenges, we still believe that with our core competence, we would excel in the future.

The cold chain segment was our focus in 2017. As promised, we have strategically seized opportunities in the industry – in this case, cold chain business – to expand our service scope for existing customers. Given the expertise required, it is expected that managing cold chain business will take the Company's business to new heights in the near future.

The Company is equipped with professional temperature-controlled refrigerator vehicles. As a trusted partner of a multi-national family-owned manufacturer of confectionery and pet care brands, we will further expand our temperature-controlled vehicles fleet.

Our expanded service scope goes hand in hand with our marketing strategies and IT system and warehouse facilities renovation. In 2017, we put advertisements in magazines and on company vehicles as marketing activities. Our Enterprise Resource Planning ("ERP") system has been constantly improved to keep up with the ever-changing logistics industry. The Group's investment in renovating warehouses which include installing air-conditioners for the cold chain logistics services.

We care for the society and take up social responsibility. During the year of 2017, the Group has donated a total of HK$500,000 to the Community Chest of Hong Kong which provided sponsorships to 160 social welfare organizations.

In 2018, we will continue our focus in fast moving consumer goods ("FMCG"), a segment that demonstrated encouraging performance last year. The Group will further develop the food and beverage ("F&B") segment as well. The Company is well-prepared to outperform in 2018.

I would like to take this opportunity to express the management team's thanks to all staff in the Company for their professionalism and hard work. To reward our staff, the Group proposed to grant award shares to some of our staff. We would also like to thank our customers' support and their trust in our services as well.

Yeung Kwang Fat
Chairman and Chief Executive Officer

Hong Kong, 22 March 2018

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is one of the well-established logistics service providers in Hong Kong and always maintain high quality of services. Most of the Group's customers are leading multinational companies and thus we customise our services to meet their unique needs.

The Group will continue to expand its strategic segments which include FMCG, F&B and in particular the new business, namely cold chain logistics services which comprise provision of storage, transportation and value added services of food which are required to be kept in a temperature-controlled storage space. In 2017, capital expenditure ("CAPEX") was mainly spent on upgrading our facilities for temperature-controlled business. For example, we installed air-conditioners in our warehouses. The Group will further enhance its capability to meet various customers' sophisticated requirements. For marketing, we adopted various strategies to build our branding and to improve our brand visibility e.g our trucks and temperature-controlled vehicles have been decorated with banners to advertise World-Link Logistics. In 2017, the customization services sector had been expanded to temperature-controlled food and our customization services facilities expanded by two service centres in order to fulfill the new demand from our customers.

Overall, the performance of 2017 has been heartening. The Group recorded healthy organic growth and recruited new customers. The Group also experienced a 17.0% organic growth. To a large extent, the growth reflected that our customers highly appreciated our service quality and World-Link is growing with our customers. We never forgot that new customers are an important driver for the Group to grow. Approximately 8.6% of the total revenue for the year ended 31 December 2017 attributed from the new business after the Group started doing business with a giant new customer which is a multi-national family-owned manufacturer of confectionery and pet care brands and its headquarters is in Mclean, Virginia, the United States. This new customer employs more than 70,000 employees in 79 countries worldwide. As we mentioned in the 2016 annual report, we focus on developing the FMCG sector and we will continue to expand the FMCG business. This is our core competence and strategic segment in the future.

Our employees are the most valuable assets to the Group and our employees are a solid foundation to the Group. Despite the pressure of increased labour cost in 2017, we invested more resources in staff training to enhance our service quality. The number of warehouse employees has increased. The full-time equivalent ("FTE") of warehouse staff increased by approximately 16.1% for the year ended 31 December 2017 when comparing to the year ended 31 December 2016.

The Group's core focus is our service quality. We always take one step ahead to understand the needs of our customers. We add value to our services by solving their daily operation difficulties.

The Group closely monitor the operating cost in order to increase our profitability. We carefully manage our operational process to make our supply chain truly flexible and efficient. We treasure our existing customers and maintain a long-standing relationship with our customers. It is, therefore, our aspiration to make our business sustainable.

For the information technology ("IT") system, we invested approximately 21.1% out of our total CAPEX in 2017 to simplify our operational model and to streamline the customers' system to enhance co-operation with the customers. In 2018, we will continue to invest in the IT system to reengine process and to improve productivity.

The Group invested in warehouse facilities and vehicles fleets. The Group's investment in renovating the warehouses included installation of air-conditioners in our warehouses for the cold chain logistics services and installed different kinds of racking in the warehouses to improve warehouse utilization which is the key to success.

In 2018, the Board is of the view that the Company should continue its business strategy for the current business segments of the Company while extra efforts should be put on expanding the FMCG and the F&B sectors to seize the opportunity in developing the cold chain logistics business and attract new customers. With the cooperation and support of all our staff, we will continue to provide flexible logistics solutions to our new and existing customers. We respond quickly to fulfil the customers' requirements. The Group will continue to improve our service quality so as to expand the Group's business and customer base.

Financial Review

Revenue

The revenue of the Group increased by approximately 9.3% from approximately HK$149.7 million for the year ended 31 December 2016 to approximately HK$163.6 million for the year ended 31 December 2017. The increase in revenue was mainly attributable to the higher demand of logistics services from the existing FMCG customers and successful recruitment of various new customers during the year ended 31 December 2017.

Stringent customer demands have in fact made us stronger. The Group's core business segments in the FMCG sector has performed well, in spite of external challenges. In 2017, we attained a 25.0% increase in revenue in the FMCG sector as a result of organic growth.

	2017 HK$'000	2016 HK$'000	Variance HK$'000	Variance %
FMCG	**126,671**	101,350	25,321	25%
F&B	**16,457**	24,692	(8,235)	(33%)
Retailing	**17,729**	18,143	(414)	(2%)
Electronic, health and beauty accessories	**1,217**	3,297	(2,080)	(63%)
Others	**1,536**	2,242	(706)	(31%)
Total	**163,610**	149,724		

Other income

Other income comprised of bank interest income and other miscellaneous income. Other income was HK$942,000 and HK$1,181,000 for the year ended 31 December 2016 and the year ended 31 December 2017 respectively. The increment was due to the gain on disposal of property, plant and equipment and bank interest income from short-term bank deposit with original maturity over three months.

Employee benefits expenses

Employee benefits expenses primarily consisted of wages and salaries, medical benefits, and other allowances and benefits. Our employee benefits expenses amounted to approximately HK$46.4 million for the year ended 31 December 2017 (2016: HK$40.9 million). Our Group had a total of 292 and 279 full-time employees as at 31 December 2016 and 31 December 2017 respectively.

Other expenses

Other expenses mainly included other operating cost for the warehousing and value-added services, electricity, repair and maintenance, consumables, entertainment, rates, office and store supplies and non-recurring expenses in relation to the transfer of listing application. The Company submitted a formal application to the Stock Exchange on 17 March 2017 for the proposed transfer of listing to the Main Board of the Stock Exchange and incurred expenses of approximately HK$2.1 million for the year ended 31 December 2017. For the year ended 31 December 2016 and 2017, other expenses amounted to approximately HK$13.3 million and HK$16.0 million respectively.

Taxation

The taxation represented the provision of Hong Kong profits tax calculated at 16.5% of the estimated assessable profits during the year ended 31 December 2017.

Profit and total comprehensive income for the year ended 31 December 2017

The Group recorded a net profit after taxation of approximately HK$23.6 million for the year ended 31 December 2017, representing an increment of approximately 0.5% compared to the year ended 31 December 2016. The net profit after taxation (excluding the expenses in relation to the transfer of listing application) for the year ended 31 December 2017 is approximately HK$25.7 million, representing an increment of approximately 9.3% compared to that for the year ended 31 December 2016. The improvement in the net profit after taxation was driven by (i) the growth of revenue; (ii) the revenue from new customers; and (iii) a stringent control in the operating expenses through streamlining and reengineering the operation flow of the Group.

The net profit margin (excluding the expenses in relation to transfer of listing application) for the year ended 31 December 2017 and the net profit margin for the year ended 31 December 2016 remained stable as approximately 15.7%.

Liquidity and Financial Resources

The Group's operation and investments were financed principally by cash generated from its business operations and bank borrowings. As at 31 December 2017, the Group had net current assets of approximately HK$93.8 million (2016: approximately HK$76.0 million), cash and cash equivalents of approximately HK$18.2 million as at 31 December 2017 (2016: approximately HK$19.1 million) and short-term bank deposit with original maturity over three months of HK$37.0 million (2016: HK$20.0 million). 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 2017, 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 nil (2016: Nil).

Foreign Currency Risk

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

Capital Commitment

As at 31 December 2017, the Group did not have material capital commitments (2016: Nil).

Dividend

The Board is pleased to announce that at the Board meeting held today, resolutions have been passed to recommend the payment of a final dividend (the "Final Dividend") of HK1.0 cent (2016: Nil) per share and a special cash dividend (the "Special Dividend") of HK3.5 cents (2016: Nil) per share amounting to HK$4,800,000 and HK$16,800,000 in aggregate respectively.

The Special Dividend has been declared and approved by the Board pursuant to Article 155(c) of the Company's Articles of Association. The Special Dividend will be paid in cash on or around Monday, 30 April 2018 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Thursday, 12 April 2018, being the record date for determination of entitlements to the Special Dividend.

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, 19 July 2018 to the shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 3 July 2018, being the record date for determination of entitlements to the Final Dividend.

The register of members of the Company has been closed from Wednesday, 11 April 2018 to Thursday, 12 April 2018, during which period no transfer of shares of the Company is registered. In order for a shareholder to qualify for the Special Dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30p.m. on Tuesday, 10 April 2018.

To determine the persons who are entitled to the proposed final dividend of HK1.0 cent per share for the year ended 31 December 2017, the register of members of the Company will be closed from Thursday, 28 June 2018 to Tuesday, 3 July 2018, 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 27 June 2018.

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 review the Group's capital structure regularly. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, issuance of new shares as well as the issue of new debt and redemption of existing debt.

Charge on the Group's Assets and Contingent Liabilities

As at 31 December 2017, the Group has no bank borrowings (2016: Nil). The Group has banking facility of HK$45.0 million which were guaranteed by the Company (2016: HK$15.0 million). The Group has no material contingent liabilities as at 31 December 2017.

Material Acquisitions and Disposal

During the year ended 31 December 2017, the Group had no material acquisitions and disposals of subsidiaries.

Employees and Remuneration Policies

As at 31 December 2017, the Group employed 279 (31 December 2016: 292) full time employees. We determine the employee's remuneration based on factors such as qualification, duty, contributions and years of experience.

Continuing connected transactions

Apart from the related party transactions as disclosed in Note 24 to the consolidated financial statement for the year ended 31 December 2017, the Group did not enter into continuing connected transactions which are subject to the reporting, annual reviews, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Use of Proceeds

The net proceeds from the listing on the Growth Enterprise Market (Note) ("GEM") of the The Stock Exchange of Hong Kong Limited ("the Stock Exchange") in December 2015 by way of Placing (the "Listing") were approximately HK$41.5 million, which was based on the final placing price of HK$0.5 per Ordinary Share and the actual expenses on the Listing.

Note: Name changed to GEM on 15 February 2018.

The actual use of proceeds since the Listing are as follows:

	Planned use of proceeds stated in the Prospectus since the Listing to 31 December 2017 HK$'million	Actual use of proceeds since the Listing up to 31 December 2017 HK$'million
Expanding the scope of services	19.0	11.1
Strengthening information technology and systems	2.1	1.8
Enhancing sales and marketing effort	3.2	0.8
Attracting and retaining talented and experienced personnel	2.1	2.1
Repaying the bank loans	12.0	12.0
General working capital	3.1	3.1
	41.5	30.9

The business objectives as stated in the Prospectus dated 22 December 2015 (the "Prospectus") were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. The use of proceeds has been applied in accordance with the actual development of the market.

As at 31 December 2017, approximately HK$30.9 million out of the net proceeds from the Listing had been used. The unused net proceeds have been deposited in licensed banks in Hong Kong.

The Company intends to apply the net proceeds in the manner as stated in the Prospectus. However, the Directors will constantly evaluate the Group's business objectives and may change or modify the plans of using the net proceeds against the changing market condition to attain sustainable business growth of the Group.

Events After the Reporting Period

On 19 January 2018, the Board has resolved to conditionally award up to an aggregate of 12,000,000 Award Shares to 13 Selected Individuals at the Subscription Price of HK$0.5 per Award Share, of which (i) up to 10,224,000 Connected Award Shares will be awarded to six Connected Selected Individuals who are the Executive Directors and the Independent Non-Executive Directors of the Company by way of issue and allotment of new Shares and (ii) up to 1,776,000 Independent Award Shares will be awarded to seven Independent Selected Individuals by way of issue and allotment of new Shares.

As the Connected Selected Individuals are connected persons (as defined in Chapter 14A of the Listing Rules) of the Company, the issue and allotment of the Connected Award Shares to those Connected Selected Individuals constitute connected transactions on the part of the Company under Chapter 14A of the Listing Rules and shall be subject to the approval by the Independent Shareholders. Specific mandate will also be obtained for issue and allotment of the Independent Award Shares to the Independent Selected Individuals.

A circular setting out the particulars of the issue of the Award Shares will be despatched to the Shareholders as soon as practicable and in accordance with the Listing Rules.

An extraordinary general meeting will be convened and held to consider and, if thought fit, to approve, inter alia, the grant of specific mandate for issue of the Award Shares.

Please refer to the announcement published by the Company on 19 January 2018 for details of the proposed issue of the Award Shares.

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Yeung Kwong Fat (楊廣發), aged 65, was appointed as the Chairman of the Board, an Executive Director and the Chief Executive Officer of our Group on 4 September 2015. Mr. Yeung is also the chairman of the Nomination Committee. He is one of the founders of our Group and has been a director of World-Link Roadway System Company Limited since January 1994 and a director of World-Link Packing House Company Limited since July 2009. Mr. Yeung completed his secondary education in Hong Kong in July 1970. Since the establishment of the business of our Group, Mr. Yeung has accumulated over 25 years of experience in the logistics industry from managing the warehouse of our Group, negotiating business deals with clients and pitching the business of our Group to prospective customers. On top of the aforesaid, Mr. Yeung is currently also responsible for the overall corporate strategic planning, business development and major decision-making of our Group.

Mr. Lee Kam Hung (李鑑雄), aged 64, was appointed as an Executive Director of our Group on 4 September 2015. He is one of the founders of our Group and has been a director of World-Link Roadway System Company Limited since October 1990 and a director of World-Link Packing House Company Limited since March 1996. Mr. Lee completed his secondary education in Hong Kong in August 1971. Since the establishment of the business of our Group, Mr. Lee has accumulated over 25 years of experience in the logistics industry from managing the vehicle fleet and the transportation service of our Group. Since 2000, Mr. Lee has been the operation director of our Group, who is currently, on top of aforesaid, responsible for monitoring the business operations of our Group.

Mr. Luk Yau Chi Desmond (陸有志), aged 53, was appointed as an Executive Director on 4 September 2015. Mr. Luk is also one of the members of the Remuneration Committee. Mr. Luk has been a director of World-Link Roadway System Company Limited and World-Link Packing House Company Limited since July 2009. Since 2009, Mr. Luk has been the commercial director of our Group, who is responsible for overseeing the overall business development of our Group and the support service division of our Group.

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

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

Independent Non-executive Directors

Mr. How Sze Ming (侯思明), aged 41, was appointed as an Independent Non-executive Director on 16 December 2015. He is the chairman of the Audit Committee.

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

Mr. How has over 15 years of experience in investment banking and business assurance industries. Mr. How is currently the managing director/co-head of corporate finance department of Southwest Securities (HK) Capital Limited, a company principally engaged in corporate advisory services, where he is responsible for giving corporate finance advice.

Mr. How has served as the independent non-executive director of (i) QPL International Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 243), from September 2013 to September 2016; (ii) Million Stars Holdings Limited (formerly known as Odella Leather Holdings Limited), a company listed on the GEM (Stock Code: 8093), since January 2015 to March 2017 and; (iii) Forgame Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 484) since January 2016; (iv) Shanghai Zendai Property Limited, a company listed on the Main Board of the Stock Exchange (Stock code: 755) since May 2017; (v) 1957 & Co. (Hospitality) Limited, a company listed on the GEM (Stock code: 8495) since November 2017.

Mr. Jung Chi Pan Peter (鍾智斌), aged 50, was appointed as an Independent Non-executive Director on 1 January 2017. He is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Mr. Jung obtained a Master of Business Administration degree (Executive MBA programme) from the Chinese University of Hong Kong in November 2015. In October 2016, he was elected a professional member of the Royal Institution of Chartered Surveyor.

Mr. Jung joined the Pico Group in 1988 and had substantial experience in the exhibition industry in Hong Kong, Asia and Europe. He was the General Manager (Event Promotion) from 1994 to 2002 and was responsible for projects for a group of clienteles which includes worldwide renowned brands. During the period from 2003 to 2005, he was appointed the General Manager of Bizart Asia Limited, (a subsidiary of Pico Group). He is the Co-founder and the Chief Executive Officer of Milton Exhibits Group Limited, which specialises in event management, exhibition service, digital solution and general contracting work with 10 offices in Asia since 2006.

Mr. Mak Tung Sang (麥東生), aged 57, was appointed as an Independent Non-executive Director on 1 January 2017. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee.

Mr. Mak is a solicitor and a partner of Messrs. Simon C. W. Yung & Co., Solicitors since 2004. He obtained a Bachelor of Laws degree from the University of Wolverhampton in 1998. In 2000, he obtained a Post-graduate Certificate in Laws from the University of Hong Kong.

Senior Management

Ms. Leung Ho Yee (梁可怡), aged 32, is the chief financial officer, the Company Secretary and the authorised representative of our Group. She joined our Group in August 2015. She was promoted from financial controller to chief financial officer in November 2017. She is mainly responsible for financial reporting, financial planning, treasury, financial control and company secretarial matters. Ms. Leung obtained a Bachelor's Degree of Arts in Accountancy with honours and a Master Degree of Corporate Governance from the Hong Kong Polytechnic University in 2007 and 2015 respectively. Ms. Leung has been a member of the Hong Kong Institute of Certified Public Accountants since 2011, an Associate of The Hong Kong Institute of Chartered Secretaries since 2015 and an Associate of The Institute of Chartered Secretaries and Administrators since 2015. Ms. Leung has not held any directorship in any public listed company in the past three years.

Prior to joining our Group, Ms. Leung joined Deloitte Touche Tohmatsu ("Deloitte") as an associate in the Audit Department in September 2007 and was promoted to the position of senior auditor in the same department in October 2009. She left the firm in 2011. Ms. Leung has extensive experience in providing services to listed companies whose shares are listed on the Main Board of the Stock Exchange and multinational corporations, including financial management, risk management, internal control and services in relation to initial public offerings and major acquisitions. She worked at Bossini Enterprises Limited, a subsidiary of Bossini International Holdings Limited (a company listed on the Main Board of the Stock Exchange (Stock Code: 592)) after she left Deloitte.

Mr. Chan Fu Yuen (陳富元), aged 38, is the commercial director of our Group since January 2016, now leading a team which process daily deliveries and is responsible in ensuring customer satisfaction and quality service. He was the operations manager of our Group since July 2014. He joined our Group in November 2012 and has had over 10 years of experience in logistics and supply chains prior to joining our Group. Mr. Chan received a Bachelor's Degree of Science in Shipping Technology and Management and a Master's Degree in Industrial Logistics System, both from the Hong Kong Polytechnic University in 2001 and 2006 respectively.

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

Mr. Wong Yiu Kwong (黃耀光), aged 63, is the customisation manager of our Group. Mr. Wong joined our Group in October 2011, and is mainly responsible for managing the overall operation of the customisation department of our Group.

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

Ms. Ng Fung Sze Frances (吳鳳斯), aged 48, is the commercial manager of our Group. She joined our Group in September 1991, and was appointed as our commercial manager in July 2011. She leads the operations team in daily distributions and prepares analytical reports of operations for our Group. Ms. Ng obtained a Bachelor's Degree of Business in Transport Management from the Royal Melbourne Institute of Technology in August 2002.

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

Company Secretary

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

CORPORATE GOVERNANCE REPORT

The Directors consider that incorporating the core elements of good corporate governance in the management structure and internal control procedures of the Group would help to balance the interest of the shareholders, customers and employees of the Company. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 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 A.2.1, the Company's corporate governance practices have complied with the CG Code. CG Code provision A.2.1 stipulates that the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Yeung Kwong Fat ("Mr. Yeung") is the Chairman and the Chief Executive Officer of our Company. In view of Mr. Yeung being one of the co-founders of our Group and has been operating and managing World-Link Roadway System Company Limited and World-Link Packing House Company Limited since 1994 and 2009 respectively, our Board believes that it is in the best interest of our Group to have Mr. Yeung taking up both roles for effective management and business development. Therefore our Directors consider that the deviation from the CG Code provision A.2.1 is appropriate in such circumstance.

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

Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in 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 2017.

Competing Interest

For the year ended 31 December 2017, the Directors were not aware of any business or interest of the Directors, the Controlling 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.

A deed of non-competition (the "Previous Deed") dated 16 December 2015 was executed in favour of the Company (for itself and as trustee for each of its subsidiaries) by Mr. Yeung Kwong Fat, Mr. Lee Kam Hung, Mr. Luk Yau Chi, Desmond, Orange Blossom International Limited, Best Matrix Global Limited and Leader Speed Limited (collectively the "Covenantors") regarding certain non-competition undertakings. The details of the Previous Deed have been disclosed in the prospectus dated 22 December 2015 under the section headed "Relationship with our Controlling Shareholders".

As the Previous Deed will no longer be valid once the Shares cease to be listed on the GEM, the Covenantors have entered into a new deed of non-competition (the "New Deed") on 25 April 2017. Terms of the New Deed succeed those set out in the Previous Deed. The Company had been listed on the Main Board on 15 November 2017 and the New Deed had taken into effect on the same day. Details of the New Deed have been disclosed in the Transfer of Listing from the Growth Enterprise Market to the Main Board of the Stock Exchange of Hong Kong Limited announcement dated 7 November 2017 under the section headed "Competing Interests".

During the year ended 31 December 2017, the Independent Non-executive Directors have reviewed on behalf of the Company the compliance with the new Deed and are satisfied that the Controlling Shareholders and their associates have complied with the provisions of the new Deed.

Corporate Governance Report

The Board of Directors

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

Executive Directors

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

Independent Non-executive Directors

Mr. How Sze Ming
Mr. Mak Tung Sang (appointed on 1 January 2017)
Mr. Jung Chi Pan Peter (appointed on 1 January 2017)

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

In compliance with rule 3.10 and 3.10A of the Listing Rules, the Company has appointed three Independent Non-executive Directors representing more than one-third of the board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. The Company has received from each Independent Non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent in accordance with the various guidelines set out in rule 3.13 of the Listing Rules.

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

Functions of the Board

The principal functions of the Board include:

– reviewing, approving and monitoring fundamental financial and business strategies and major corporate actions;

– approving major acquisitions or disposals, corporate or financial restructuring, issuance of the Company's shares ("Shares") and other equity or debt instruments, payment of dividends and other distribution to the Group's shareholders;

– assessing the risks facing the Group and reviewing and implementing appropriate measures to manage such risks;

– selecting and evaluating the performance and compensation of key management executives;

– approving nominations to the Board;

– reviewing and endorsing the recommended framework of remuneration of the Board and key management executives by the Remuneration Committee; and

– assuming overall responsibility for corporate governance.

According to the code provision C.1.2 of the CG Code, the management shall provide all members of the Board with monthly updates. During the year ended 31 December 2017, the Executive Directors have provided, and will continue to provide, to all Independent Non-executive Directors updates on any material changes to the position and prospects of the Group, which are considered to be sufficient to provide general updates of the Group's performance, position and prospects to the Board and allow them to give a balanced and understandable assessment of the same to serve the purpose required by the code provision C.1.2.

Terms of Appointment and Re-Election of Directors

Each of the Executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from 16 December 2015 subject to early removal from office in accordance with the Articles, and retirement and re-election provisions in the Articles.

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

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

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

Continuous Professional Development

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

During the year ended 31 December 2017, all the Directors have participated in continuous professional development and the relevant details are set out below:

Name of Directors	Attending seminar(s)/ Reading relevant materials in relation to the business or directors' duties Yes/No
Executive Directors	
Mr. Yeung Kwong Fat *(Chairman and CEO)*	Yes
Mr. Lee Kam Hung	Yes
Mr. Luk Yau Chi Desmond	Yes
Independent Non-executive Directors	
Mr. How Sze Ming	Yes
Mr. Mak Tung Sang (appointed on 1 January 2017)	Yes
Mr. Jung Chi Pan Peter (appointed on 1 January 2017)	Yes

Corporate Governance Report

Independent Non-executive Directors

The Company has three Independent Non-executive Directors to comply with Rule 3.10A of the Listing Rules. Furthermore, among the three Independent Non-executive Directors, Mr. How Sze Ming has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules. In accordance to Rule 3.13 of the Listing Rules, the Company has received from each of its Independent Non-executive Directors the written confirmation of his independence. The Company, based on such confirmations, considers its Independent Non-Executive Directors to be independent.

Board Committees

During the year ended 31 December 2017, to assist the Board in its work, the Board is assisted by three board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, which are sufficiently resourced to fulfil their roles and their terms of reference have been approved by the Board and are available for review on the Company's website http://www.world-linkasia.com and the Stock Exchange website (www.hkex.com.hk).

Audit Committee

Our Company has established an Audit Committee on 16 December 2015 in compliance with Rule 3.21 of the Listing Rules. As at 31 December 2017, the Audit Committee comprised three Independent Non-executive Directors, namely Mr. How Sze Ming, Mr. Jung Chi Pan Peter and Mr. Mak Tung Sang. Mr. How Sze Ming is the chairman of the Audit Committee. On 1 January 2017, Mr. Mak Tung Sang, an Independent Non-Executive Director, was appointed as the chairman of the Audit Committee. On the same day, Mr. Jung Chi Pan Peter, an Independent Non-Executive Director, was appointed as a member of the Audit Committee. On 13 January 2017, Mr. Mak Tung Sang was re-designated as member of the Audit Committee and Mr. How Sze Ming was appointed as the chairman of the Audit Committee.

Written terms of reference in compliance with paragraph C.3.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules have been adopted. 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 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 primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control and risk management systems of our Group. The Audit Committee has reviewed the audited annual results of the Group for the year ended 31 December 2017.

Remuneration Committee

Our Company established a Remuneration Committee on 16 December 2015. As at 31 December 2017, the Remuneration Committee comprised Mr. Mak Tung Sang, Mr. Luk and Mr. Jung Chi Pan Peter, with Mr. Mak Tung Sang being the chairman. On 13 January 2017, Mr. How Sze Ming ceased to be the chairman of the Remuneration Committee and Mr. Mak Tung Sang was appointed as the chairman of the Remuneration Committee. Written terms of reference in compliance with paragraph B.1.3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules have been adopted. The primary duties of the Remuneration Committee are, among other things, to determine the specific remuneration packages of all Executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of Independent Non-executive Directors.

Board Committee *(Continued)*

Remuneration policy

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

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

Nomination Committee

Our Company has established a Nomination Committee on 16 December 2015 with written terms of reference. As at 31 December 2017, the Nomination Committee comprised Mr. Yeung, Mr. Mak Tung Sang and Mr. Jung Chi Pan Peter, with Mr. Yeung being the chairman. On 1 January 2017, Mr. Mak Tung Sang and Mr. Jung Chi Pan Peter, Independent Non-Executive Directors, were appointed as members of the Nomination Committee. Written terms of reference in compliance with paragraph A.5.2 of the Corporate Governance Code as set out in Appendix 14 to Listing Rules have been adopted. The Nomination Committee is mainly responsible for making recommendations to the Board on appointment of Directors and succession planning for our Directors.

Attendance Records of Meetings

The attendance of each Director at Board meetings, Audit Committee meetings, Nomination Committee meeting, Remuneration Committee meeting and general meeting held during the year is set out in the following table:

Name of Directors	Board meeting	Audit Committee meeting	Nomination Committee meeting	Remuneration Committee meeting	General meeting
Number of meetings held during the year	9	5	1	2	1
	Number of meetings attended/Number of meetings entitled to attend				
Executive Directors					
Mr. Yeung Kwong Fat	9/9	–	1/1	–	1/1
Mr. Lee Kam Hung	7/9	–	–	–	1/1
Mr. Luk Yau Chi Desmond	8/9	–	–	2/2	1/1
Independent Non-executive Directors					
Mr. How Sze Ming	9/9	5/5	–	–	1/1
Mr. Jung Chi Pan Peter	9/9	5/5	1/1	2/2	1/1
Mr. Mak Tung Sang	6/9	5/5	1/1	2/2	1/1

Accountability and Audit

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

All Directors acknowledge their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for the year ended 31 December 2017, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements of the Group on a going concern basis.

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

Auditor's remuneration

During the year ended 31 December 2017, the remuneration paid or payable to the Company's auditor, Messrs. Deloitte Touche Tohmatsu, in respect of their audit and non-audit services was as follows:

	HK$
Audit services	1,066,200
Non-audit services	460,000
Total	1,526,200

Internal Control and Risk Management

The Board acknowledges its responsibility for the effectiveness of the Group's internal control and risk management systems. The Board has reviewed the effectiveness of the systems of internal control and risk management of the Group, covering all material controls, including financial and operation for the year ended 31 December 2017 on an annual basis. The Board considers that the internal control system and risk management are effective. As disclosed in the Company's prospectus dated 22 December 2015, the Company has established a Corporate Governance Department to conduct periodic internal control reviews and legal compliance reviews on the Group's operations and to present its reports to the Audit Committee for consideration, including any remedial plans, if deemed necessary or appropriate. Under this system, the Audit Committee, after due consideration, will present its recommendations on such remedial plans to the Board, which would make the final decision on the implementation of such remedial plans.

Investors and shareholders relations

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

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

Accountability and Audit *(Continued)*

Investors and shareholders relations *(Continued)*

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

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

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

The Written Notice (i) must include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules; and (ii) must be signed by the shareholder concerned and signed by the Candidate indicating his/her willingness to be elected and consent of the publication of his/her personal information.

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

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

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

Company secretary

Ms. Leung Ho Yee has been appointed as the Company Secretary of the Company with effect from 10 August 2015 and the Authorised Representative with effect from 4 September 2015. She is a certified public accountant as defined in the Professional Accountants Ordinance. Ms. Leung Ho Yee has confirmed that she has taken no less than 15 hours of relevant professional training during the year ended 31 December 2017.

Compliance officer

Mr. Luk was appointed as the Compliance Officer of the Company on 4 September 2015 and ceased to be the Compliance Officer on 15 November 2017 after the listing of the Group on the Main Board of the Stock Exchange. Please refer to the paragraph headed "Executive Directors" in the section of "Directors and senior management" for his profile.

Significant Changes in Constitutional Documents

There were no significant changes in the constitutional documents of the Company for the year ended 31 December 2017.

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2017.

Principal Activities

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 26 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2017 are set out in the consolidated statement of profit or loss and other comprehensive income on page 47.

The Board is pleased to announce that at the Board meeting held today, resolutions have been passed to recommend the payment of a Final Dividend of HK1.0 cent (2016: Nil) per share and a Special Dividend of HK3.5 cents (2016: Nil) per share amounting to HK$4,800,000 and HK$16,800,000 in aggregate respectively.

Annual General Meeting

The forthcoming annual general meeting (the "Annual General Meeting") of the Company is scheduled to be held on 21 June 2018. A notice convening the Annual General Meeting will be issued and dispatched to shareholders of the Company (the "Shareholders") on 18 May 2018.

The register of members of the Company will be closed from 15 June 2018 to 21 June 2018 (both dates inclusive) during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 22/F, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 14 June 2018.

Reserves

Details of movements in the reserves of the Group during the year ended 31 December 2017 are set out in the consolidated statement of changes in equity in this annual report.

Financial Summary

A summary of the results, assets and liabilities of the Group for the last four financial years is set out on page 78.

Major Customers and Suppliers

The Group's largest customer contributed 53.6% of the total revenue for the year while the Group's five largest customers accounted for 93.5% of the total revenue for the year.

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

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

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

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

Sufficiency of Public Float

Throughout the year ended 31 December 2017 until the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital is held by the public.

Pre-Emptive Rights

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

Share Capital

Details of the Company's share capital are set out in note 20 to the consolidated financial statements.

Distributable Reserves of the Company

Share premium, capital reserve and retained profit of the Company are available for distribution to ordinary shareholders provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid. Accordingly, the Company's reserves available for distribution to shareholders at 31 December 2017 amounted to approximately HK$76,930,000.

Report of the Directors

Directors

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

Executive Directors

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

Independent Non-executive Directors

Mr. How Sze Ming
Mr. Mak Tung Sang (appointed on 1 January 2017)
Mr. Jung Chi Pan Peter (appointed on 1 January 2017)

Appointment and re-election of Directors

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

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

Directors' Service Contracts

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

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

Independent Non-Executive Directors' Confirmation of Independence

The Company received, from each of the Independent Non-executive Directors, Mr. How Sze Ming, Mr. Mak Tung Sang and Mr. Jung Chi Pan Peter, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee assessed the independence of the Independent Non-executive Directors and affirmed that all Independent Non-executive Directors remained independent.

Directors' and Chief Executives' Interests in Shares

As at 31 December 2017, the Directors and their associates had the following interests or short positions in shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"):

Interests in the Company

Name of Director	Capacity	Number of shares held Personal interests	 Other interests	 Total interests	Percentage of Company's issued share capital
Mr. Yeung Kwong Fat (Note 1, 2)	Interest in a controlled corporation; interests held jointly with another person; beneficial owner	4,816,000	305,696,000	310,512,000	64.69%
Mr. Lee Kam Hung (Note 1, 3)	Interest in a controlled corporation; interests held jointly with another person; beneficial owner	440,000	310,072,000	310,512,000	64.69%
Mr. Luk Yau Chi, Desmond (Note 1, 4)	Interest in a controlled corporation; interests held jointly with another person	–	310,512,000	310,512,000	64.69%

Notes:

1. On 24 August 2015, Mr. Yeung, Mr. Lee, and Mr. Luk entered into a confirmatory deed to acknowledge and confirm, among other things, that they are parties acting in concert with each of the members of our Group. As such, pursuant to the parties acting in concert arrangement, each of the controlling shareholders of our Group, i.e. Best Matrix Global Limited (being wholly owned by Mr. Lee), Mr. Lee, Orange Blossom International Limited (being wholly owned by Mr. Yeung), Mr. Yeung, Leader Speed Limited (being wholly owned by Mr. Luk) and Mr. Luk, is deemed to be interested in 64.69% of the issued share capital of our Company.

2. 310,512,000 Shares in which Mr. Yeung is interested consist of (i) 119,360,000 Shares held by Orange Blossom International Limited, a company wholly owned by Mr. Yeung, in which Mr. Yeung is deemed to be interested under the SFO; (ii) 4,816,000 Shares is directly held by Mr. Yeung; and (iii) 186,336,000 Shares in which Mr. Yeung is deemed to be interested as a result of being a party acting-in-concert with Mr. Lee and Mr. Luk.

3. 310,512,000 Shares in which Mr. Lee is interested consist of (i) 123,744,000 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; (ii) 440,000 Shares is directly held by Mr. Lee; and (iii) 186,328,000 Shares in which Mr. Lee is deemed to be interested as a result of being a party acting-in-concert with Mr. Yeung and Mr. Luk.

4. 310,512,000 Shares in which Mr. Luk is interested consist of (i) 62,152,000 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) 248,360,000 Shares in which Mr. Luk is deemed to be interested as a result of being a party acting-in-concert with Mr. Lee and Mr. Yeung.

Interests in associated corporation(s) of the Company

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

Save as disclosed above, as at 31 December 2017, 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 2017, the following persons (other than Directors or Chief Executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity	Number of Shares/ underlying Shares held	Percentage of Company's issued share capital
Best Matrix Global Limited (Note 1)	Beneficial owner; interests held jointly with another person	310,512,000	64.69%
Leader Speed Limited (Note 1)	Beneficial owner; interests held jointly with another person	310,512,000	64.69%
Orange Blossom International Limited (Note 1)	Beneficial owner; interests held jointly with another person	310,512,000	64.69%
Ms. Law Wai Yee (Note 2)	Interest of spouse	310,512,000	64.69%
Ms. Chan Pik Shan (Note 3)	Interest of spouse	310,512,000	64.69%
Ms. Wong Soo Fung (Note 4)	Interest of spouse	310,512,000	64.69%

Substantial Shareholders' Interests in Shares *(Continued)*

Notes:

1. On 24 August 2015, Mr. Yeung, Mr. Lee, and Mr. Luk entered into a confirmatory deed to acknowledge and confirm, among other things, that they are parties acting in concert with each of the members of our Group. As such, pursuant to the parties acting in concert arrangement, each of the controlling shareholders of our Group, i.e. Best Matrix Global Limited (being wholly owned by Mr. Lee), Mr. Lee, Orange Blossom International Limited (being wholly owned by Mr. Yeung), Mr. Yeung, Leader Speed Limited (being wholly owned by Mr. Luk) and Mr. Luk, is deemed to be interested in 64.69% of the issued share capital of our Company.

2. Ms. Law Wai Yee is the spouse of Mr. Yeung and is deemed, or taken to be, interested in Shares in which Mr. Yeung has interest under the SFO.

3. Ms. Chan Pik Shan is the spouse of Mr. Lee and is deemed, or taken to be, interested in Shares in which Mr. Lee has interest under the SFO.

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

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

Save as disclosed herein, the Company has not been notified of any other person (other than a Director or a chief executive of the Company) who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 December 2017.

Arrangements to Purchase Shares or Debentures

At no time during the year ended 31 December 2017 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 2017 or at any time during the year ended 31 December 2017.

Emolument Policy

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

Permitted Indemnity Provisions

At no time during the year ended 31 December 2017 and up to the date of this Directors' Report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors of the Company (whether made by the Company or otherwise), or an associated company (if made by the Company).

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

Report of the Directors

Remuneration of Directors and Five Individuals with Highest Emoluments

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

Corporate Governance

The Company has complied with all code provisions (except for the deviation from CG code provision A.2.1) as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules throughout the year.

Further information on the Company's corporate governance practices is set out in the "Corporate Governance Report" from pages 16 to 22.

Environmental, Society and Corporate Responsibility

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

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

Auditor

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

On behalf of the Board

Yeung Kwong Fat
Chairman and Chief Executive Officer

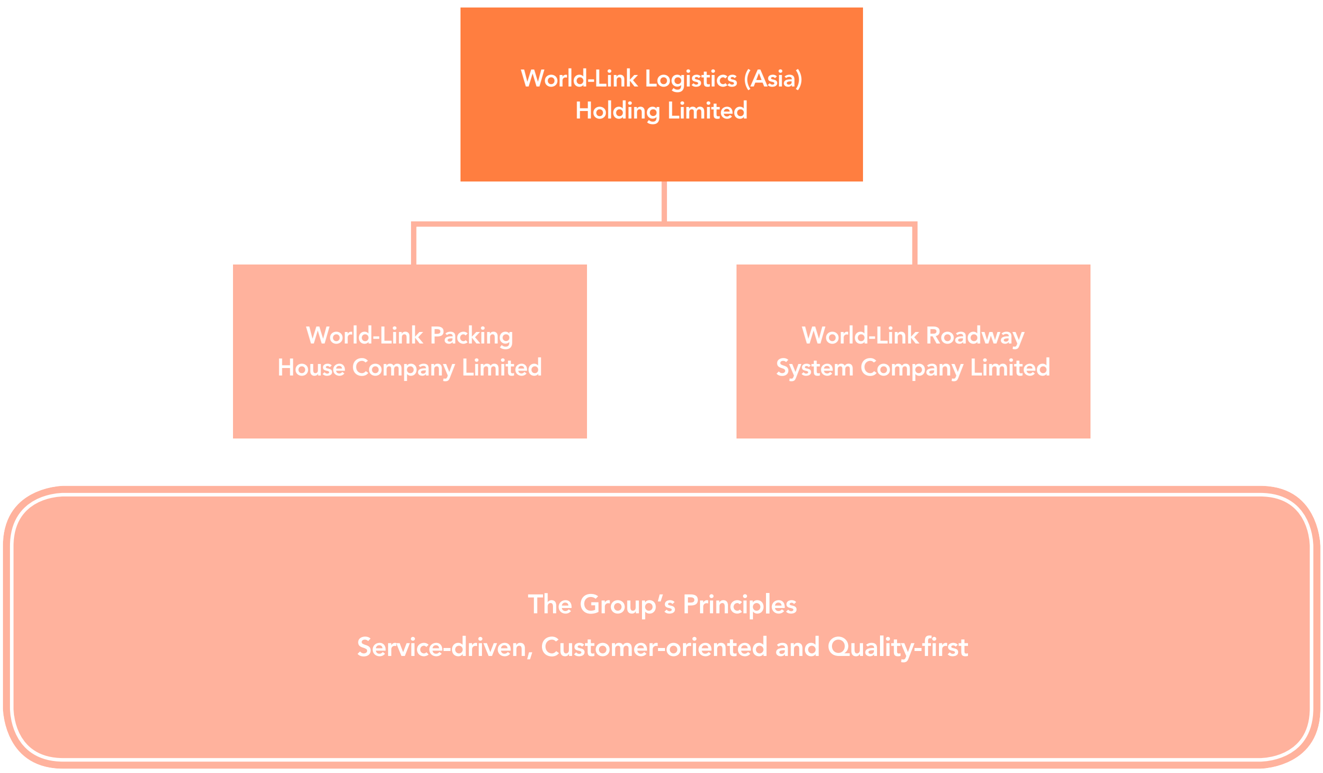
Hong Kong, 22 March 2018

ABOUT THE GROUP

World-Link Logistics (Asia) Holding Limited (the "Company") and its subsidiaries (collectively, the "Group") is one of the well-developed logistics service providers in Hong Kong delivering comprehensive logistics solutions to cater for the customers' demands on supply chains, covering transportation, warehousing and all sorts of customisation services, including repacking and labeling services, and value-added services. The Company has transferred its listing from the GEM to the Main Board and delisted from the GEM on 15 November 2017.

The Group has established a diversified customer base, including FMCG, F&B, retailing and other sectors, by providing flexible, reliable and timely logistics services. The Group has strategically seized opportunities in the cold chain business in order to expand our service scope for existing customers. The Group has entered into a service agreement with a multi-national family-owned manufacturer of confectionery and pet food brands regarding the provision of temperature-controlled storage and delivery service. This new customer is a large-scaled enterprise employing more than 70,000 employees in 79 countries worldwide. It is expected that the cold chain logistics services will increase our revenue and attract more new customers in the near future.

The Group's Structure[1]



[1] The Group's structure does not comprise all subsidiaries. This chart only includes those subsidiaries with principal business.

Environmental, Social and Governance Report

ABOUT THIS REPORT

This report is the second Environmental, Social and Governance (the "ESG") Report published by the Group, which discloses our policies, practices and performances in environment, society and governance for the period from 1 January 2017 to 31 December 2017, to enable our stakeholders to have a better understanding of the Group's progress and objectives in sustainable development.

This report is prepared in both Chinese and English and has already been uploaded to the websites of the Stock Exchange and the website of the Group (www.world-linkasia.com).

Scope of Report

This report focuses on the operation[2] of the Group at its principal places of business, being two warehouses in Hong Kong, including a total area of over 400,000 square feet located in the Allied Cargo Centre and the Leader Industrial Centre. The scope of disclosure is consistent with the first ESG report published last year. For easy comparison by the readers of the Group's year-on-year performance, the structure of this report is similar to that of the first report. Although this report cannot cover all the operations of the Group, our objective is to continue to improve the procedures of internal information collection so as to enable gradual extension of the scope of disclosure.

Reporting Standards

In compliance with the "comply or explain" provisions set out in the "Environmental, Social and Governance Reporting Guide (the "Guide") issued by the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), this report has been prepared based on four reporting principles – Materiality, Quantitative, Balance and Consistency. In addition, some key performance indicators set out in the Guide have been adopted according to the actual situation of the Group in order to achieve a more comprehensive disclosure.

A complete content index is appended in the last chapter hereof for easier reference in accordance with the Guide.

The Group has engaged a professional consultant to conduct a carbon assessment in compliance with the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" issued by the Environmental Protection Department and the Electrical and Mechanical Services Department of the Hong Kong SAR Government to ensure the accuracy of the key performance indicators in terms of environmental protection.

Confirmation and approval

All information in this report are derived from the Group's official documents, statistics and the administration and operation information collected through our system. This report has been confirmed and approved by the Board in March 2018.

Feedbacks

The Group places high emphasis on the feedbacks of its stakeholders. If you are in doubt or have any recommendations in regards to the content or the presentation of this report, you are most welcome to contact us through the following means:

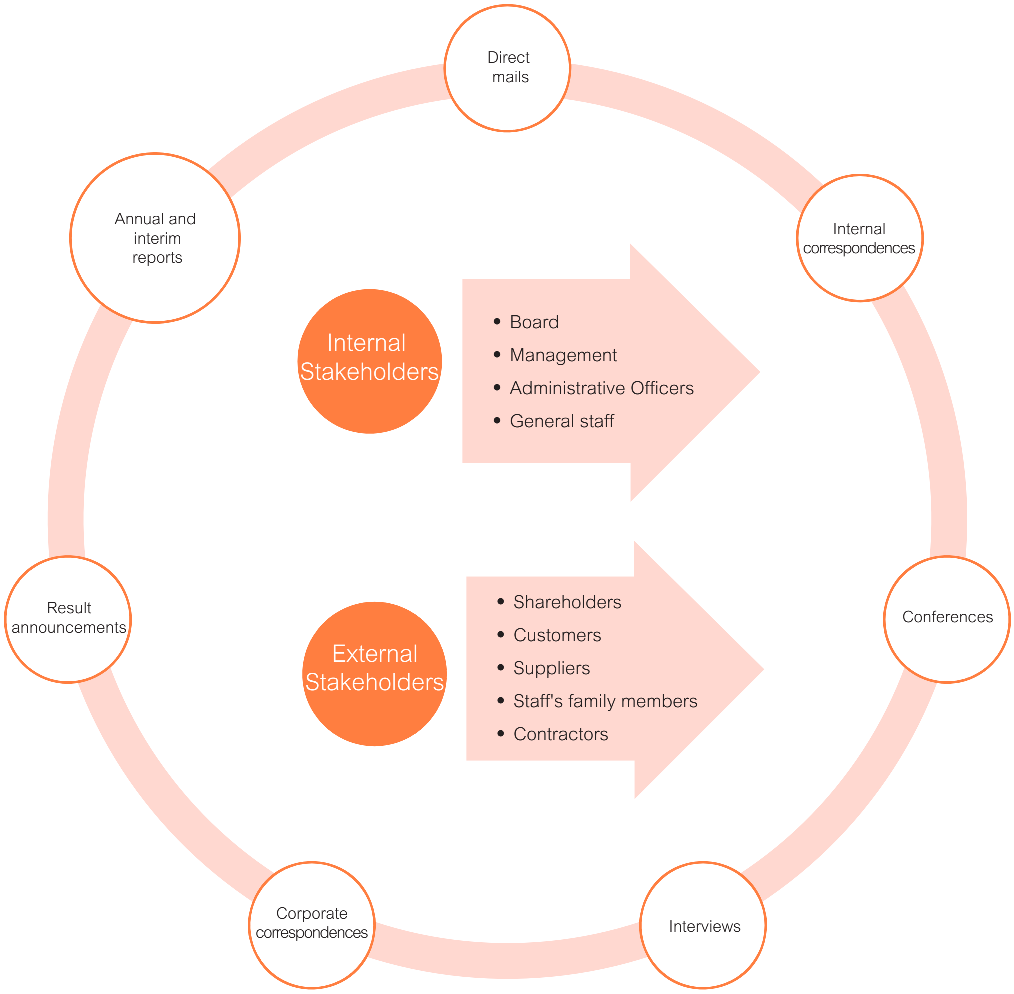
Address: 3/F, Allied Cargo Centre, 150-164 Texaco Road, Tsuen Wan, Hong Kong
Email: info@world-link.com.hk

[2] World-Link Roadway System Company Limited, the wholly-owned subsidiary of the Group, is responsible for the operation of the Group's two warehouses.

COMMUNICATION WITH THE STAKEHOLDERS

The stakeholders[3] engagement plays an important role In respect of our business administration, which helps us to identify any potential risk and opportunity. To communicate with the stakeholders and to understand their insight can allow the business practices of the Group to be in line with their needs and expectation, and enable proper handling of feedbacks from different stakeholders. Regular communication with key stakeholders within or outside the Group has been conducted by us through various channels, which provides the stakeholders the opportunity to understand the Group's development and operational approach on the one hand, and on the other hand for the Group to heed their opinions, so as to prioritize different issues by the importance and formulate corresponding policies.

Methods of communications with the major stakeholders during the reporting period



3 "Stakeholders", also refers to as "interested parties", "equity holders" or "parties involved", means any group or individual who have significant impact on, or under significant impact of, the business of the Group, including Directors, management, staff as well as customers, business partners, investors, regulatory institutes and different kinds of community groups.

COMMUNICATION WITH THE STAKEHOLDERS *(Continued)*

Same as last year, in order to determine the strategies and directions for the sustainable development of the Group, and to identify the environmental and social issues that are most essential for the Group and the stakeholders, the Group has engaged Carbon Care Asia Limited, an independent consultant, to conduct interviews with the management. Summarising the results of the interviews and advices of the consultants, the following three (out of eleven) environmental and social aspects from the Guide have been selected as the key focuses of this report.

Health and Safety

Development and Training

Anti-corruption

To ensure the effectiveness of communications with the stakeholders, the Group strives to establish a communication channel with transparency, integrity and accuracy to enable timely response. In the future, the Group will enhance interaction with the stakeholders, extend more diversified channels so as to increase our exposure to the stakeholders, thereby achieving a reciprocity relationship.

Message From The Chairman

"Apart from expanding its business, the Group will also continue its execution of, and improvement on, the management and performance of environmental, social and governance practice."

I am pleased to present the Sustainability Report of World-Link Logistics for the year of 2017, which contains our achievements in 2017 and our commitment for improvement of sustainability performance.

Upholding the principles of "Service-driven, Customer-oriented and Quality-first", World-Link Logistics targets to fulfil its commitment to each customer by providing quality service and generating maximum value for customers. The Group endeavours to ensure the quality of service through standardised work procedure to control every stage of service delivery, and provision of customised comprehensive logistics solutions and exclusive supporting services to our customers. For the sake of flexible, swift response to the requests of the customers, the Group started to offer Sunday delivery as our newly-added service, and intends to provide logistics services during statutory holidays in the future. In this regards, the two warehouses of the Group, namely the Allied Cargo Centre and the Leader Industrial Centre, will introduce corresponding measures.

The Group believes that talents are the cornerstone of the corporation. We are committed to creating a safe and fair work environment, so that staff are motivated to thrive with the Group. In order to improve efficiency in the use of resources, the Group has introduced high-performance equipment to streamline the operational procedures, thereby reducing resource consumption.

Looking ahead, the Group will continue to implement and enhance the management and performance of the environment, social and governance practices while expanding its business and make contributions to the employees, the shareholders, the environment and the society.

WORLD-LINK LOGISTICS (ASIA) HOLDING LIMITED
Yeung Kwong Fat
Chairman and Chief Executive Officer

CARE FOR THE EMPLOYEES

Safety and Health

The Group places high emphasis on the safety and health of the staff and, setting its target as "zero-work injury", is committed to maintaining a healthy and safe work environment so as to prevent work injuries and occupational diseases. The Group is highly aware of the safety risk preventions for hazardous job positions, and has formulated guidelines for a clear operational workflow, under which the operational risk factors and key notes on safety are specified. The related operational guidelines include the "Operation Safety on Forklifts Guidelines", the "Safe Stack of Cargo Guidelines" and the "Operation Safety on Physical Handling Guidelines".

In addition to enhancing the operational standard of the staffs, occupational safety education is also a target of the Group's safe working environment. The annual Safety and Health Training Program covers the safety and health training for all the staffs, which includes "General Knowledge of Safety and Health" and "General Knowledge of Professional Skills". During the year of 2017, a topic on "Stretching exercise at workplace" was particularly added in the Safety and Health Training Program, which helps the staffs to relax during their work as well as eliminate stress.

Development and Training

The Group strongly believe that cultivation and retention of talents are the core of the Group's development and are also essential for strengthening our competitiveness. The Group considers the staff as its strategic partners and provides training courses on technical skills to enhance their know-how and skills. To implement the "Policy on Study and Training Allowance", the Group provide subsidies to employees to enrol for job-related training courses based on actual needs. During each financial year, each employee can receive a maximum HK$20,000 and HK$5,000 as an allowance for professional qualification training and external training respectively.

Employment system

Our staff are the core of our business and our brand. The Group has devoted itself to providing employees with a work environment which enables full capitalization of their talents, creating value, enhancing self-quality and attaining comprehensive development. The "Employee Manual" enables our staff to understand their rights and responsibilities, including the working hours, remunerations, allowance, bonus, leaves and other benefits etc. The Group has established a comprehensive performance assessment system to evaluate the performance and potential of the staff effectively, and our aims of work quality improvement and work procedures enhancement have been achieved.

Proportion of Employees under Regular Assessment on Performance and Career Development	100%

The Group has zero tolerance over sexual harassment and discriminatory behaviour. The Group maintains a whistleblowing mechanism, through which the employees may make complaints when they think they are being treated unfairly. The Human Resources Department will then conduct investigations for the complaints received, and make decisions upon the approval from the Board to make sure the claimants get reasonable replies. During the reporting period, the Group has not received any complaint.

Labour standards

The Group has strictly complied with the labour laws to protect employees' rights. The Group has complied with the "Prohibition of Child Labour Policy" which prohibits the use of child labour and forced labour, and applied the requirements of this policy to the supply chain of the Group. As for overtime work, the Group has set out in the "Employee Handbook" relevant regulations for claiming overtime allowance and compensation leave.

In response to the need of our customers, the Group offers Sunday delivery services and also plans to provide logistics services on statutory holidays. The Group offers compensation leave for overtime work and working during statutory holidays as set out in the "Employee Handbook" to protect employees' rights. The Group has commenced communication with employees in respect of the arrangements of working on Sunday and statutory holidays. Employees agree to such arrangements and understand their rights to refuse to work on Sunday and statutory holidays.

During the reporting period, the Group has not identified any non-compliance cases relating to employment and labour practices, occupational health and safety, child labour or forced labour in the two warehouses in the Allied Cargo Centre and the Leader Industrial Centre.

OPERATION PRACTICES

Anti-corruption

The Group has in place a "Code of Conduct" which contains relevant regulations as set out under the 《Prevention of Bribery Ordinance》. Employees are not allowed to solicit or accept work-related advantages during the course of their work. Moreover, the definition of "advantage" is also clarified in the Code. The Group has taken measures to ensure that the employees understand the requirements of the Code of Conduct through signage and daily communication. During the reporting period, the Group has not identified any corruption cases related to the Group and its employees in the two warehouses in the Allied Cargo Centre and the Leader Industrial Centre.

Supply chain management

The Group highly values its relationship with suppliers and regards them as important business partners. It is expected that a stable supply chain can be established in the long run through mutual cooperation. During the reporting period, the Group has raised and extended the procurement standards to the environmental and social performance of the suppliers, and has conducted effective management, for example terminated the cooperation with suppliers who hired child labour. Looking forward, the Group will continue to require business partners to attach more importance to the sustainable development performance, so as to promote the sustainable development of the industry as a whole.

Product liability

The Group always upholds the principles of "Service-driven, Customer-oriented and Quality-first" and endeavours to create the maximum value for our customers. The Group adopts an Enterprise Resource Planning ("ERP") system to assist the warehousing management and has also established a detailed standard procedure for warehouse operation to regulate all procedures of every stage of the operation.

Standard Procedure for Warehouse Operation		
Measurement and control on temperature and humidity – daily inspections and records – remedial actions when the parameters deviate from the prescribed ranges	Warehouse cleaning and pest control – conduct weekly cleaning in various areas of the warehouses – inspect the pest control facilities – conduct pest control monthly	Security – set up 24-hour CCTV and burglar alarm system – security patrol arrangements
Goods receipts procedure – receipts, inspections and records of goods	Repacking arrangement – operation for repacking	Shipment procedure – shipment arrangements – placement of goods
Returns procedure – transportation arrangements – arrangements after goods have arrived at the warehouses	Risk assessments and emergency response – safety procedure and risk control measurement – remedial measure in case of emergency and unexpected circumstances.	Complaint handling – procedures for customer complaints handling and corresponding records

The key to maintain good corporate governance and establish mutual trust with our customers in a long run is to guarantee the confidentiality of customer information. The Group protects the interests of its customers by way of entering into contracts to keep confidentiality. The Group has stipulated in the "Employee Handbook" the requirements in respect of the handling of confidential information by staff as well as their responsibility of keeping confidentiality thereof. The Group aims at maintaining a fair competition landscape of the market through staff education.

At present, product labelling is not involved in the operation of the Group related to logistics service business. During the reporting period, the Group has not identified any non-compliance cases relating to product liability in the two warehouses in the Allied Cargo Centre and the Leader Industrial Centre. The Group will set up policies in respect of advertisements in the future, and improve managements in all aspects of product liability.

INVESTMENT IN THE COMMUNITY

As a social-caring corporation, the Group understands the needs and the expectations of the stakeholders and the communities in order to make a contribution to their health and sustainable development. During the reporting period, the Group has donated a total of HK$500,000 to the Community Chest of Hong Kong which provides sponsorships to approximately 160 social welfare organizations. The Group attaches much attention to services for children and youth, elderly services, family and child welfare services, medical and healthcare services, rehabilitation and aftercare services in order to contribute to the community development.

ENVIRONMENTAL PROTECTION

Emissions

Given the close relationship between greenhouse gas emissions, climate change and global warming, entities from all countries have set measures and goals for carbon reduction. During the reporting year, the Group has engaged Carbon Care Asia, a consultancy company to conduct a carbon assessment in order to quantify the greenhouse emissions generated from our operation. The quantitative measurement of greenhouse gases was conducted based on the guideline prepared by the Environment Protection Department and the Electrical and Mechanical Services Department[4].

Greenhouse Gas Emissions	
Scope	**Emission in 2017 (tCO_2e)**
Scope 1: direct greenhouse gas emission	76
Scope 2: indirect greenhouse gas emission due to use of energy	647
Scope 3: other indirect greenhouse gas emission	17
Total greenhouse gas emission	740

The Group will continue to evaluate, record and disclose its data of greenhouse gas emission on an annual basis. Data of this reporting year will be taken as a basis for the comparison with the data of subsequent years, and such comparison will be our basis to set out carbon reduction goals, measures and priorities in the future.

In line with the development approach for the global development of low-carbon economy, the Group has formulated an "Emission Policy" to implement administrative measures to address our main sources of emissions, i.e. emissions from company vehicles and forklift trucks. With proper controls on the selection of vehicles, vehicles maintenance and repair as well as employees' environmentally friendly way of driving, we are able to reduce fuel consumption, air pollutants and greenhouse gas emissions. In order to further reduce generation of emissions, the Group has decreased the number of the printed versions of its quarterly and interim reports by 500 and replaced 2 business flight trips with telephone conference and enhanced trainings per employee in respect of emission reduction measurements. Please refer to "Environmental, Social and Governance (ESG) Reporting Guide"Content Index set out on page 40 for the exhaust emissions in this year.

During the reporting period, one diesel truck of the Group retired. All forklifts in our warehouses are electric-driven, which allow minimization of air pollutant discharge. In the future, the Group will continue to implement improvement plans until all of its vehicles are replaced by more energy-efficient models capable of reducing emissions.

Attaching importance to the proper disposal of waste, the Group sets out a procedure for waste disposal. The Group has improved its "Environmental and Natural Resourced Policy" and related measures, such as installing waste sorting and recycling facility at source to raise the rate of waste recovery, and planed to improve the management of waste discharge in the future. Please refer to "Environmental, Social and Governance (ESG) Reporting Guide"Content Index set out on page 40 for the waste production volume in this year.

4 "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong"

Use of Resources

Adhering to the principle of reducing resource consumption and enhancing resource efficiency, the Group has tried to utilize high-performance equipment as practicable as possible and has committed to streamlining the operational procedures. We, in response to a call of the Water Supplies Department of the Hong Kong SAR Government, has posted some leaflets within the Company to advocate the idea of treasuring water resources so as to enhance the employees' awareness of water saving.

The Group's energy consumption by types	
Types of Energy	**Energy Consumption in 2017 (MWh)**
Direct energy- Gasoline	289
Indirect Energy- Electricity	1,199
Total Energy Consumption	1,488

The Group considers a clear objective is necessary for further improvement on the efficiency of use of resources. The Group has recorded in details and conducted statistical analysis on the use of resources. Making reference to these data, the Group plans to establish policies for use of resources and set a quantitative goal for electricity and water savings so as to optimize the efficiency of use of resources in its daily operation. Please refer to the "Environmental, Social and Governance (ESG) Reporting Guide"Content Index set out on page 40 for the consumption of other resources of the Group.

The Environment and Natural Resources

The Group is committed to reducing the operation's adverse impact on the environment and natural resources and continuously implementing the "Environmental and Natural Resources Policy" so as to minimize the adverse impact of the business on the environment. The Group strictly complies with the relevant laws and regulations in its daily operations, and, by regular monitoring of environmental protection situation, ensure that the impact on the environment caused by the operation meets the requirements of legal emissions limit.

During the reporting period, the Group has not identified any non-compliance cases relating to emission, use of resources and the environment and natural resources in the two warehouses in the Allied Cargo Centre and the Leader Industrial Centre.

Overview of key performance indicators

Number of Employees

Age Group	Female		Male	
	Number of Employees in 2017	Number of Employees in 2016	Number of Employees in 2017	Number of Employees in 2016
Under 30	0	0	14	14
30-50	12	4	31	31
Over 50	4	2	21	16
Total Number of Employees	16	6	66	61
Proportion of Male to Female Employees in 2017	1:4.13			
Proportion of Male to Female Employees in 2016	1:10.17			

Number of New Employees

Age group	Female		Male	
	Number of Employees in 2017	Number of Employees in 2016	Number of Employees in 2017	Number of Employees in 2016
Under 30	0	0	7	6
30-50	5	1	7	9
Over 50	0	0	5	4
Total Number of Employees	5	1	19	19
Percentage of Number of New Employees over the Total Number of Employees in 2017	29.27%			
Percentage of Number of New Employees over the Total Number of Employees in 2016	29.85%			

Number of Resigned Employees

Age Group	Female		Male	
	Number of Employees in 2017	Number of Employees in 2016	Number of Employees in 2017	Number of Employees in 2016
Under 30	1	2	10	20
30-50	8	4	22	24
Over 50	6	3	10	8
Total Number of Employees	15	9	42	52
Percentage of number of Lost Employees over the Total number of Employees in 2017	6.38%			
Percentage of number of Lost Employees over the Total number of Employees in 2016	7.37%			

Overview of key performance indicators *(Continued)*

Number of Employees attending training

Grading of Position	Female		Male	
	Number of Employees Attending Training	Number of Employees under this category	Number of Employees Attending Training	Number of Employees under this category
Management	2	2	3	3
Managerial officers	6	6	15	15
General Staff	8	8	48	48
Total Number of Employees	16	16	66	66
Proportion of Employees Attending Training in 2017	100%			
Proportion of Employees Attending Training in 2016	100%			

Training Hours

Grading of Position	Female		Male	
	Training Hours	Number of Employees Attending Training	Training Hours	Number of Employees Attending Training
Management	64	2	104	3
Managerial officers	96	6	240	15
General Staff	64	8	384	48
Total Number of Employees	224	16	728	66
Average Training Hours in 2017	12			
Average Training Hours in 2016	11			

Health and Safety Performance Indicators of Warehouse Staff

Year	Sex	Number of work Injury cases	Rate of work injury (per thousand employee)	Number of working day lost due to work injury	Working days	Percentage of working day lost due to work injury
2017	Male	3	36.59	52.5	19,536	0.22%
	Female	0		0	4,736	
2016	Male	1	14.93	105	19,032	0.50%
	Female	0		0	1,872	

"Environmental, Social and Governance (ESG) Reporting Guide"Content Index

Aspects	Description	Statistics of the year	Page Index
A1 Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	–	36
A1.1	The types of emissions and respective emissions data (from the vehicles of the Group; in kilograms)		–
	Sulphur oxides	0.46	–
	Nitrogen oxides	376.97	–
	Suspended particulates	20.98	–
A1.2	Greenhouse gas emissions in total (in tonnes)	739.98	–
	Green House Gas emission intensity (per square feet, i.e., tCO_2e/square feet)	0.002	–
A1.3	Total hazardous waste produced (in tonnes)	520	–
	Total hazardous waste intensity (in tonnes/square feet)	0.001	–
A1.4	Total non-hazardous waste produced (in tonnes)	7.88	–
	Total non-hazardous waste produced Intensity (in tonnes/square feet)	0.00002	–
A1.5	Description of measures to mitigate emissions and results achieved	–	36
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	–	36
A2 Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	–	37
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (in kWh)	1488.01	–
	Diesel fuel (in kWh)	289.42	–
	Purchased electricity (in kWh)	1198.60	–
	Energy intensity (in kWh/square feet)	0.004	–
A2.2	Water consumption in total (in cubic meter)	3275	–
	Water consumption intensity (in cubic meter/square meters)	0.01	–
A2.3	Description of energy use efficiency initiatives and results achieved	–	37
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	–	37
A2.5	Total packaging material used for finished products (in tonnes)	888.00	–
A3 The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	–	37
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	–	37

"Environmental, Social and Governance (ESG) Reporting Guide"Content Index *(Continued)*

Aspects	Description	Statistics of the year	Page Index
B1 Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	–	34
B1.1	Total workforce	82	38
	Total workforce by gender, employment type, age group and geographical region.	–	38
B1.2	Employee turnover rate	6.38%	38
	Employee turnover rate by gender, age group and geographical region.		38
GRI 401-1	Total new employees	24	38
	Proportion of new employees	29.27%	38
	The number and percentage of total new employees by age, gender and region.		38
B2 Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	–	34
B2.1	Number and rate of work-related fatalities	0	–
B2.2	Lost days due to work injury	52.5	–
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored		34
GRI 403-2	Rate of work injury (per thousand employee)	36.59	–
B3 Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	–	34
GRI 404-3	The percentage of total employees who receive a regular assessment on performance and career development	100%	
	The percentage of total employees who receive a regular assessment on performance and career development by gender and position		
B4 Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	–	34

"Environmental, Social and Governance (ESG) Reporting Guide"Content Index *(Continued)*

Aspects	Description	Statistics of the year	Page Index
B5 Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain		35
B5.1	Number of suppliers by geographical region (all of the Group's suppliers are located in Hong Kong)		–
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored		35
B6 Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	–	35
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	–	35
B7 Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	–	35
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	0	–
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	–	35
B8 Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests		36
B8.2	Resources contributed (money) to the focus area. Focus areas of contribution (total hours voluntarily contributed by employees)	HKD500,000	36 –

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

TO THE SHAREHOLDERS OF WORLD-LINK LOGISTICS (ASIA) HOLDING LIMITED
環宇物流(亞洲)控股有限公司
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of World-Link Logistics (Asia) Holding Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 47 to 77, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are the matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
We identified revenue recognition as a key audit matter as revenue is one of the key performance indicators of the Group and it involves complicated calculations of transportation and warehousing services income charged to different customers in accordance with various types of service agreements. Hence, it gives rise to an inherent risk that revenue could be recorded in the incorrect period. An analysis of the Group's revenue for the year is set out in note 6 to the consolidated financial statements in which the transportation services income and warehousing services income are approximately HK$36,493,000 and HK$77,625,000, respectively.	Our procedures in relation to revenue recognition included: • Inspecting the service agreements signed with top ten customers of the Group's revenue and assessing the recognition criteria and checking the calculation of the revenue of those relevant customers; • Testing the controls over the Group's systems which govern the movement of customers' products and processing of service orders performed for the customers; and • Scrutinising the delivery notes before and after the end of the reporting period on a sample basis to assess whether revenue is recognised in the correct period.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Woo King Wa.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

22 March 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	6	**163,610**	149,724
Other income		**1,181**	942
Employee benefits expenses		**(46,417)**	(40,861)
Depreciation of property, plant and equipment		**(2,009)**	(1,940)
Operating lease rentals in respect of rented premises		**(42,482)**	(37,711)
Sub-contracting expenses		**(26,750)**	(26,164)
Cost of sales recognised		**(715)**	–
Operating lease rental in respect of plant, machinery and equipment		**(1,421)**	(1,704)
Interest on bank borrowings		**–**	(279)
Other expenses		**(16,040)**	(13,255)
Profit before taxation		**28,957**	28,752
Income tax expense	9	**(5,327)**	(5,241)
Profit and total comprehensive income for the year	10	**23,630**	23,511
Basic earnings per share (HK cents)	12	**4.92**	4.90

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	**8,792**	3,389
Rental deposits	14	**6,775**	6,606
Deferred tax assets	15	**685**	769
		16,252	10,764
Current assets			
Inventories – finished goods		**403**	–
Trade and other receivables	16	**47,681**	46,610
Short-term bank deposit with original maturity over three months	17	**37,000**	20,000
Bank balances and cash	17	**18,172**	19,059
		103,256	85,669
Current liabilities			
Trade and other payables and accrued expenses	18	**7,966**	7,474
Tax payable		**1,500**	2,188
		9,466	9,662
Net current assets		**93,790**	76,007
Total assets less current liabilities		**110,042**	86,771
Non-current liabilities			
Provisions	19	**610**	969
NET ASSETS		**109,432**	85,802
CAPITAL AND RESERVES			
Share capital	20	**4,800**	4,800
Reserves		**104,632**	81,002
TOTAL EQUITY		**109,432**	85,802

The consolidated financial statements on pages 47 to 77 were approved and authorised for issue by the Board of Directors on 22 March 2018 and are signed on its behalf by:

Mr. Yeung Kwong Fat
DIRECTOR

Mr. Lee Kam Hung
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2016	4,800	49,350	10	8,131	62,291
Profit and total comprehensive income for the year	–	–	–	23,511	23,511
At 31 December 2016	4,800	49,350	10	31,642	85,802
Profit and total comprehensive income for the year	–	–	–	23,630	23,630
At 31 December 2017	4,800	49,350	10	55,272	109,432

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	2017 HK$'000	2016 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**28,957**	28,752
Adjustments for:		
Depreciation of property, plant and equipment	**2,009**	1,940
Interest on bank borrowings	**–**	279
Interest income	**(325)**	(43)
Gain on disposal of property, plant and equipment	**(384)**	(165)
Operating cash flows before movements in working capital	**30,257**	30,763
Increase in rental deposits	**(169)**	(847)
Increase in inventories	**(403)**	–
Increase in trade and other receivables	**(1,071)**	(17,116)
Increase in trade and other payables and accrued expenses	**133**	358
Net cash generated from operations	**28,747**	13,158
Hong Kong Profits Tax paid	**(5,931)**	(1,486)
NET CASH FROM OPERATING ACTIVITIES	**22,816**	11,672
INVESTING ACTIVITIES		
Placement of short-term bank deposit with original maturity over three months	**(17,000)**	(20,000)
Purchase of property, plant and equipment	**(7,572)**	(2,080)
Proceeds on disposal of property, plant and equipment	**544**	165
Interest received	**325**	43
NET CASH USED IN INVESTING ACTIVITIES	**(23,703)**	(21,872)
FINANCING ACTIVITIES		
Repayment of bank borrowings	**–**	(25,000)
Interest paid	**–**	(294)
CASH USED IN FINANCING ACTIVITIES	**–**	(25,294)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(887)**	(35,494)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**19,059**	54,553
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	**18,172**	19,059

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. General

World-Link Logistics (Asia) Holding Limited (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 GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") prior to 29 December 2015. On 15 November 2017, the Company has successfully transferred the shares listed on GEM to the Main Board of 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 Company and its subsidiaries (the "Group") are principally engaged in the integrated logistics service and packing services. Particulars of the subsidiaries are set out in note 26.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle

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

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

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

4 Effective for annual periods beginning on or after 1 January 2021

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

HKFRS 9 *"Financial Instruments"*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, there will not be any material impact to the Group.

HKFRS 15 *"Revenue from Contracts with Customers" and its related amendments*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *"Revenue"*, HKAS 11 *"Construction Contracts"* and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarification to HKFRS 15 in relation to the identification of performance obligation, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures. However, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 *"Leases"*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *"Leases"* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees except for short-term leases and leases of low value assets.

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

HKFRS 16 *"Leases"* *(Continued)*

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion, both of which will be presented as financing cash flows by the Group.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of HK$61,028,000 as disclosed in note 22. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16.

In addition, the Group currently considers refundable rental deposits paid of HK$6,775,000 as at 31 December 2017 as rights under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets. Accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

Furthermore, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

Except as described above, the directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the Group's consolidated financial statements in the future.

3. Significant Accounting Policies

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

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

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

3. Significant Accounting Policies *(Continued)*

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

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

Revenue recognition

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

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

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

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. Significant Accounting Policies *(Continued)*

Property, plant and equipment

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

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Impairment losses

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

Leasing

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

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

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

3. Significant Accounting Policies *(Continued)*

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Taxation

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

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

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

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

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

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

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

Retirement benefit costs

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

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

3. Significant Accounting Policies *(Continued)*

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Borrowing costs

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

Financial instruments

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

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

Effective interest method

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

Financial assets

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

Loans and receivables

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

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

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of loans and receivables

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

Objective evidence of impairment could include:

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

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

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

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

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

Financial liabilities and equity instruments

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

Equity instrument

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

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities

Financial liabilities (including trade and other payables) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

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

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

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

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

4. Key Sources of Estimation Uncertainty

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

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

4. Key Sources of Estimation Uncertainty *(Continued)*

Key sources of estimation uncertainty

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

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimated future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2017, the carrying amount of trade receivables was approximately HK$44,958,000 (2016: HK$44,775,000). No impairment loss on trade receivables was recognised during both years.

5. Capital Risk Management

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

The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, share premium, retained profits and other reserve.

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

6. Revenue

	2017 **HK$'000**	2016 HK$'000
Transportation services income	**36,493**	36,332
Warehousing services income	**77,625**	67,273
Customisation services income	**39,703**	37,355
Value-added services income	**8,696**	8,764
Sale of goods	**1,093**	–
	163,610	149,724

7. 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) others. 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 2017

	Logistics solutions business HK$'000	Customisation services HK$'000	Others HK$'000	Segment total HK$'000	Eliminations HK$'000	Total HK$'000
Revenue						
External revenue	122,507	40,010	1,093	163,610	–	163,610
Inter-segment revenue	6,000	–	–	6,000	(6,000)	–
	128,507	40,010	1,093	169,610	(6,000)	163,610
Results						
Segment results	22,340	10,145	378			32,863
Unallocated corporate income						331
Unallocated corporate expenses						(4,237)
Profit before taxation						28,957

For the year ended 31 December 2016

	Logistics solutions business HK$'000	Customisation services HK$'000	Segment total HK$'000	Eliminations HK$'000	Total HK$'000
Revenue					
External revenue	112,090	37,634	149,724	–	149,724
Inter-segment revenue	6,000	–	6,000	(6,000)	–
	118,090	37,634	155,724	(6,000)	149,724
Results					
Segment results	18,605	12,034			30,639
Unallocated corporate income					46
Unallocated corporate expenses					(1,933)
Profit before taxation					28,752

7. Segment Information *(Continued)*

Segment revenue and results *(Continued)*

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment results represents profit earned from each segment without allocation of certain corporate income and expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Other segment information

For the year ended 31 December 2017

	Logistics solutions business HK$'000	**Customisation services HK$'000**	**Segment total HK$'000**
Additions to non-current assets	**7,288**	**284**	**7,572**
Depreciation of property, plant and equipment included in the measure of segment results	**1,935**	**74**	**2,009**
Gain on disposal of property, plant and equipment included in the measure of segments results	**384**	**–**	**384**

For the year ended 31 December 2016

	Logistics solutions business HK$'000	Customisation services HK$'000	Segment total HK$'000
Additions to non-current assets	3,120	55	3,175
Depreciation of property, plant and equipment included in the measure of segment results	1,763	177	1,940
Gain on disposal of property, plant and equipment included in the measure of segment results	165	–	165

Geographical information

The Group's operations are located in Hong Kong.

Information about major customers

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

	2017 HK$'000	2016 HK$'000
Customer A	**29,450**	67,946
Customer B	**87,728**	21,915
Customer C	**–**[+]	15,401

[+] The corresponding amount is less than 10% of the Group's total revenue for the year ended 31 December 2017.

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

8. Directors' Remuneration

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

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

For the year ended 31 December 2017

Name of director	Fee HK$'000	Salaries and other allowances HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors (note i)				
Mr. Yeung Kwong Fat (note ii)	200	1,408	161	1,769
Mr. Lee Kam Hung	200	1,225	142	1,567
Mr. Luk Yau Chi, Desmond	200	1,225	18	1,443
Independent non-executive directors (note iii)				
Mr. How Sze Ming	144	–	–	144
Mr. Jung Chi Pan, Peter (note v)	144	–	–	144
Mr. Mak Tung Sang (note v)	144	–	–	144
	1,032	3,858	321	5,211

For the year ended 31 December 2016

Name of director	Fee HK$'000	Salaries and other allowances HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors (note i)				
Mr. Yeung Kwong Fat (note ii)	200	1,280	148	1,628
Mr. Lee Kam Hung	200	780	98	1,078
Mr. Luk Yau Chi, Desmond	200	780	18	998
Independent non-executive directors (note iii)				
Mr. Poon Ka Lee, Barry (note iv)	202	–	–	202
Mr. How Sze Ming	202	–	–	202
Ms. Yam Ka Yue (note iv)	202	–	–	202
	1,206	2,840	264	4,310

8. Directors' Remuneration *(Continued)*

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

Notes:

(i) The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

(ii) Mr. Yeung Kwong Fat is the Chief Executive Officer of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive officer.

(iii) The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

(iv) Mr. Poon Ka Lee, Barry and Ms. Yam Ka Yue resigned as independent non-executive directors of the Company on 1 January 2017.

(v) Mr. Jung Chi Pan, Peter and Mr. Mak Tung Sang were appointed as independent non-executive directors of the Company on 1 January 2017.

(b) Employees' emoluments

The five highest paid individuals of the Group for the year include 3 (2016: 3) individuals who were appointed as directors of the Company. The emoluments of the remaining 2 (2016: 2) individuals for the year are as follows:

	2017 HK$'000	2016 HK$'000
Salaries and other allowances	**1,044**	952
Performance related incentive payments	**87**	80
Retirement benefit scheme contributions	**39**	39
	1,170	1,071

The emoluments of the employees were less than HK$1,000,000 each during the year.

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

9. Income Tax Expense

	2017 HK$'000	2016 HK$'000
The charge (credit) comprises:		
Hong Kong Profits Tax		
– current year	**5,262**	5,081
– prior year	**(19)**	193
Deferred taxation (note 15)	**84**	(33)
	5,327	5,241

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

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

	2017 HK$'000	2016 HK$'000
Profit before taxation	**28,957**	28,752
Tax at Hong Kong Profits Tax rate of 16.5% (2016: 16.5%)	**4,778**	4,744
Tax effect of expenses not deductible for tax purposes	**701**	332
Tax effect of income not taxable for tax purposes	**(133)**	(28)
(Over)underprovision in prior year	**(19)**	193
Income tax expense for the year	**5,327**	5,241

10. Profit for the Year

	2017 HK$'000	2016 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**1,366**	1,025
Bank interest income	**(325)**	(43)
Gain on disposal of property, plant and equipment	**(384)**	(165)

11. Dividend

Subsequent to the end of the reporting period, final dividend of HK1.0 cent (2016: Nil) per share amounting to HK$4,800,000 in aggregate has been proposed by the directors of the Company which is subject to approval by the shareholders in the forthcoming annual general meeting.

In addition, subsequent to the end of the reporting period, special dividend of HK3.5 cents (2016: Nil) per share amounting to HK$16,800,000 in aggregate to the shareholders of the Company whose names appear on the register of members of the Company on 12 April 2018 has been proposed by the directors of the Company and approved in the board of Directors meeting on 22 March 2018.

12. Earnings Per Share

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

	2017 **HK$'000**	2016 HK$'000
Earnings:		
Profit for the year attributable to owners of the Company for the purposes of basic earnings per share	**23,630**	23,511

	2017	2016
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**480,000,000**	480,000,000

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

13. Property, Plant and Equipment

	Plant and machinery HK$'000	Furniture and equipment HK$'000	Office equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
COST						
At 1 January 2016	3,585	9,729	1,293	401	4,349	19,357
Additions	633	2	226	777	690	2,328
Disposals	–	(2)	–	–	(351)	(353)
At 31 December 2016	4,218	9,729	1,519	1,178	4,688	21,332
Additions	1,804	–	297	5,164	307	7,572
Disposals	(56)	(81)	–	–	(1,894)	(2,031)
At 31 December 2017	5,966	9,648	1,816	6,342	3,101	26,873
DEPRECIATION						
At 1 January 2016	3,109	8,252	884	271	3,840	16,356
Provided for the year	310	807	289	306	228	1,940
Eliminated on disposals	–	(2)	–	–	(351)	(353)
At 31 December 2016	3,419	9,057	1,173	577	3,717	17,943
Provided for the year	495	376	202	702	234	2,009
Eliminated on disposals	(56)	(49)	–	–	(1,766)	(1,871)
At 31 December 2017	3,858	9,384	1,375	1,279	2,185	18,081
CARRYING VALUES						
At 31 December 2017	2,108	264	441	5,063	916	8,792
At 31 December 2016	799	672	346	601	971	3,389

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

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

14. Rental Deposits

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

15. Deferred Tax Assets

The followings are the major deferred tax assets recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation HK$'000
At 1 January 2016	736
Credit to profit or loss	33
At 31 December 2016	769
Charge to profit or loss	(84)
At 31 December 2017	685

16. Trade and Other Receivables

	2017 HK$'000	2016 HK$'000
Trade receivables	**44,958**	44,775
Prepayments	**1,590**	771
Deposits and other receivables	**1,133**	1,064
Total trade and other receivables	**47,681**	46,610

The Group allows a credit period ranging from 0 day to 75 days (2016: 0 day to 75 days) to its customers.

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

	2017 HK$'000	2016 HK$'000
0 – 30 days	**16,484**	14,123
31 – 60 days	**16,622**	13,741
61 – 90 days	**5,247**	11,394
Over 90 days	**6,605**	5,517
	44,958	44,775

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributed to customers and credit term granted to customers are reviewed regularly. The majority of the trade receivables that are neither past due nor impaired have no history of defaulting on repayments. The Group does not hold any collecteral over these balances.

16. Trade and Other Receivables *(Continued)*

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

In determining the allowance for trade receivables, the management considers the credit history including default or delay in payments, settlement records, subsequent settlements and aging analysis of the trade receivables.

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of approximately HK$10,673,000 (2016: HK$15,917,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss because substantial amount has been subsequently settled after the end of the reporting period. The aging analysis of the overdue balance are set out below.

	2017 **HK$'000**	2016 HK$'000
Overdue by:		
Within 30 days	**7,226**	14,040
31 – 60 days	**1,214**	765
61 – 90 days	**1,465**	150
Over 90 days	**768**	962
	10,673	15,917

17. Bank Balances and Cash/Short-Term Bank Deposit with Original Maturity Over Three Months

Bank balances and cash of the Group comprise bank balances and short-term bank deposits that are interest-bearing at prevailing market rates and are with maturity of three months or less. The bank deposits carry interest at 0.01% (2016: 0.01%) per annum.

Short term bank deposit with original maturity over three months as at 31 December 2017 carries interest ranging from 0.74% to 0.86% (2016: 0.74%) per annum.

18. Trade and Other Payables

	2017 **HK$'000**	2016 HK$'000
Trade payables aged within 30 days	**2,603**	3,069
Accrued employees benefits	**2,374**	2,058
Provision for long service payments (note 19)	**270**	169
Accrued expenses	**2,145**	1,853
Other payables	**574**	325
	7,966	7,474

19. Provisions

	2017 HK$'000	2016 HK$'000
Analysed for reporting purposes as:		
Non-current liabilities	**610**	969
Current liabilities	**270**	169
	880	1,138

	Long service payments HK$'000	Reinstatement works HK$'000	Total HK$'000
At 1 January 2016	**882**	**–**	**882**
Provision for the year	**64**	**248**	**312**
Utilisation of the provision	**(56)**	**–**	**(56)**
At 31 December 2016	**890**	**248**	**1,138**
Reversal of provision	**(254)**	**–**	**(254)**
Utilisation of the provision	**(4)**	**–**	**(4)**
At 31 December 2017	**632**	**248**	**880**

The provision for long service payments represents the management's best estimate of the liabilities associated with the long service payments to the employees that the Group is obligated to pay upon their retirement in accordance with the requirement of the Employment Ordinance.

The provision for the reinstatement works represents the management's best estimate of the liabilities associated with the removal and disposal of leasehold improvements at the end of a lease term when the Group is contractually obliged to restore the rented premises to a condition specified in the lease agreements.

20. Share Capital

	Number of shares	Amount HK$'000
Authorised:		
At 1 January 2016, 31 December 2016 and 31 December 2017 of HK$0.01 each	10,000,000,000	100,000

	Number of shares	HK$
Issued and fully paid:		
At 1 January 2016, 31 December 2016 and 31 December 2017	480,000,000	4,800,000

	HK$'000
Shown in the consolidated statement of financial position	4,800

21. Financial Instruments

21a. Categories of financial instruments

	2017 HK$'000	2016 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**101,263**	84,898
Financial liabilities		
Amortised cost	**3,177**	3,394

21b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, short-term bank deposit with original maturity over three months, bank balances and cash and trade and other payables.

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

Market risk

Interest rate risk

The Group's bank balances carry interest at variable rates and have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rates. The Group is also exposed to fair value interest rate risk in relation to fixed-rate bank deposits. The directors of the Company consider the Group's exposure is not significant as those interest-bearing bank deposits and bank balances are within a short maturity period and no sensitivity analysis has been prepared.

21. Financial Instruments *(Continued)*

21b. Financial risk management objectives and policies *(Continued)*

Credit risk

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

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

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings.

As at 31 December 2017, the Group has concentration of credit risk as 41.9% (2016: 32.8%) of the total trade receivables was due from the Group's largest customer. The Group's concentration of credit risk on the top five largest customers accounted for 97.3% (2016: 94.2%) of the total trade receivables as at 31 December 2017. The management of the Group considered their the credit risk of amounts due to these customers is insignificant after considering their historical settlement record, credit quality and financial positions.

Liquidity risk

In management of the liquidity risk, the Group monitors and maintains levels of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group's contractual maturity for its financial liabilities are based on the agreed repayment dates, which is less than 30 days or repayable on demand.

21c. Fair value

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

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

22. Operating Leases

The Group as lessee

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

	2017 HK$'000	2016 HK$'000
Rented premises		
Within one year	**39,926**	35,566
In the second to fifth year inclusive	**20,916**	48,687
	60,842	84,253
Plant, machinery and equipment		
Within one year	**170**	317
In the second to fifth year inclusive	**16**	211
	186	528
	61,028	84,781

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

23. Retirement Benefit Schemes

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

For members of the MPF Scheme, the Group contributes at the lower of HK$1,500 per month or 5% of relevant payroll costs each month to the MPF Scheme, which contribution is matched by the employee.

The only obligation of the Group with respect to these retirement benefits schemes is to make the specified contributions. During the year, the total amount contributed by the Group to the schemes and cost charged to the profit or loss represents contributions paid/payable to the schemes by the Group at rates specified in the rules of the schemes. The retirement benefit scheme contributions made by the Group during the year amounted to HK$2,130,000 (2016: HK$1,874,000).

24. Related Party Disclosures

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

	2017 HK$'000	2016 HK$'000
Fees	**1,032**	1,206
Salaries and other allowances	**3,858**	2,840
Retirement benefit scheme contributions	**321**	264
	5,211	4,310

25. Statement of Financial Position of the Company

	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSET		
Investment in a subsidiary	**25,183**	25,183
CURRENT ASSETS		
Other receivables	**486**	342
Amount due from a subsidiary	**33,822**	29,864
Short-term bank deposit with original maturity over three months	**22,000**	20,000
Bank balances	**566**	6,511
	56,874	56,717
CURRENT LIABILITIES		
Other payables and accrued expenses	**327**	277
NET CURRENT ASSETS	**56,547**	56,440
NET ASSETS	**81,730**	81,623
CAPITAL AND RESERVES		
Share capital	**4,800**	4,800
Reserves (note)	**76,930**	76,823
	81,730	81,623

25. Statement of Financial Position of the Company *(Continued)*

Note:

	Share premium HK$'000	Capital reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2016	49,350	25,183	1,168	75,701
Profit for the year	–	–	1,122	1,122
At 31 December 2016	49,350	25,183	2,290	76,823
Profit for the year	–	–	107	107
At 31 December 2017	49,350	25,183	2,397	76,930

The Company's statement of financial position was approved and authorised for issue by the board of directors on 22 March 2018 and are signed on its behalf by:

Mr. Yeung Kwong Fat
DIRECTOR

Mr. Lee Kam Hung
DIRECTOR

26. Particulars of the Subsidiaries

Name of subsidiary	Place of incorporation and operations	Issued and fully paid ordinary share capital	Proportion of issued share capital owned by the Group		Principal activities
			2017	2016	
Real Runner Limited	British Virgin Islands	US$3,000	**100%** (Note)	100% (Note)	Investment holding
World-Link Roadway System Company Limited	Hong Kong	HK$10,000	**100%**	100%	Provision of warehousing, transportation and value-added services
World-Link Packing House Company Limited	Hong Kong	HK$100	**100%**	100%	Provision of customisation services

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

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

27. Event After the Reporting Period

Subsequent to the end of the reporting period, an aggregate of 12,000,000 Award Shares to 13 selected individuals at the subscription price of HK$0.5 per award share is proposed by the directors of the Company which is subject to the approval by the shareholders at the extraordinary general meeting. Details of the arrangement are set out in the announcement published by the Company on 19 January 2018.

FINANCIAL SUMMARY

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

Results

	Year ended 31 December			
	2014 HK$'000	2015 HK$'000	2016 HK$'000	**2017** **HK$'000**
REVENUE	134,812	125,161	149,724	**163,610**
PROFIT BEFORE TAXATION	25,093	2,706	28,752	**28,957**
INCOME TAX EXPENSE	(3,677)	(2,556)	(5,241)	**(5,327)**
PROFIT FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS	21,416	150	23,511	**23,630**

Assets and Liabilities

	At 31 December			
	2014 HK$'000	2015 HK$'000	2016 HK$'000	**2017** **HK$'000**
TOTAL ASSETS	57,450	95,143	96,433	**119,508**
TOTAL LIABILITIES	(34,459)	(32,852)	(10,631)	**(10,076)**
NET ASSETS	22,991	62,291	85,802	**109,432**