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WORLD-LINK LOGISTICS (ASIA) HOLDING LIMITED

環宇物流(亞洲)控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6083)

MAJOR TRANSACTIONS IN RELATION TO RENEWAL OF THE TENANCY AGREEMENTS

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

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

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

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

A circular containing, amongst others, further information of the transactions contemplated under the Tenancy Agreements is expected to be despatched to the Shareholders within 15 business days after the publication of this announcement, that is, on or before 14 July 2021. The Company may not be able to despatch the circular within such period due to the time required to prepare the relevant financial and other information to be included in the circular under the Listing Rules, in which case the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and will make a further announcement of the expected despatch date of the circular in due course.

INTRODUCTION

The Board announces that the Tenant and the Landlord entered into the Tenancy Agreements dated 11 June 2021, which were received by the Group on 22 June 2021, in respect of the Premises for a renewal term of three years commencing from 1 July 2021 to 30 June 2024 (both days inclusive).

THE TENANCY AGREEMENTS

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

Date: 11 June 2021

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

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Landlord and its ultimate beneficial owners are Independent Third Parties.

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

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

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

(a) From 1 July 2021 to 30 June 2022: approximately HK\$2,913,000

(b) From 1 July 2022 to 30 June 2023: approximately HK\$3,074,000

(c) From 1 July 2023 to 30 June 2024: approximately HK\$3,236,000

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

The rent was determined after arm's length negotiations between the parties with reference to the prevailing market rent for comparable premises in the vicinity of the Premises.

Rental deposit: Approximately HK\$6,471,000

Use of premises: The Group intends to use the Premises as logistics center and office premises.

Stamp duty: The stamp duty shall be borne equally by the Landlord and the Tenant.

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

THE RIGHT-OF-USE ASSET

The unaudited value of the right-of-use asset recognised by the Company amounted to approximately HK\$106 million in aggregate which is calculated with reference to the present value of the aggregate lease payment under the Tenancy Agreements.

INFORMATION ON THE PARTIES

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

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

The Landlord was incorporated under the laws of Hong Kong with limited liability and is principally engaged in properties holding business. As at the date of this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Landlord was a wholly-owned subsidiary of a listed company in Hong Kong, an Independent Third Party.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Landlord and its ultimate beneficial owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE RENEWAL OF THE TENANCY AGREEMENTS

The Group is currently leasing the Premises and the lease expires on 30 June 2021. In evaluating the leases, the Directors consider that (i) the Group has been using part of the Premises as its logistics centre and office space for over 20 years; and (ii) the terms of the Tenancy Agreements were determined after arm's length negotiations between the Landlord and the Tenant and with reference to the prevailing market price of comparable premises in the vicinity of the Premises.

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

The Board considers that the terms and conditions of the Tenancy Agreements and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

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

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

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

A circular containing, amongst others, further information of the transactions contemplated under the Tenancy Agreements is expected to be despatched to the Shareholders within 15 business days after the publication of this announcement, that is, on or before 14 July 2021. The Company may not be able to despatch the circular within such period due to the time required to prepare the relevant financial and other information to be included in the circular under the Listing Rules, in which case the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and will make a further announcement of the expected despatch date of the circular in due course.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise.

“Board”	board of Directors
“Company”	World-Link Logistics (Asia) Holding Limited, a company incorporated in Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 6083)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third party(ies)”	the independent third party(ies) who is/are, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, independent of and not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company
“Landlord”	San Pack Properties Limited, which is a subsidiary of a Hong Kong listed company and is principally engaged in property holding business
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Premises”	means collectively the Premises A, Premises B and Premises C
“Premises A”	Portion of G/F, 2-6/F and 4 lorry parking spaces of Allied Cargo Centre located at Nos. 150-164 Texaco Road, Tsuen Wan, New Territories, Hong Kong
“Premises B”	14-19/F, 21-22/F and 24/F of Allied Cargo Centre located at Nos. 150-164 Texaco Road, Tsuen Wan, New Territories, Hong Kong
“Premises C”	23/F of Allied Cargo Centre located at Nos. 150-164 Texaco Road, Tsuen Wan, New Territories, Hong Kong
“Share(s)”	share(s) in the Company
“Shareholder(s)”	holders of the Shares from time to time

“Shareholder Group” means the following Shareholders:

- (i) Orange Blossom International Limited, which is wholly owned by Mr. Yeung Kwong Fat, an executive Director;
- (ii) Mr. Yeung Kwong Fat, an executive Director;
- (iii) Best Matrix Global Limited, which is wholly owned by Mr. Lee Kam Hung, an executive Director;
- (iv) Mr. Lee Kam Hung, an executive Director;
- (v) Leader Speed Limited, which is wholly owned by Mr. Luk Yau Chi Desmond, an executive Director; and
- (vi) Mr. Luk Yau Chi Desmond, an executive Director,

which hold 325,900,000 Shares representing approximately 64.94% of the total number of entire issued capital of the Company

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“Tenancy Agreements” means the tenancy agreements dated 11 June 2021 entered into between the Landlord and the Tenant in respect of the Premises

“Tenant” World-Link Roadway System Company Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

“%” per cent.

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

Hong Kong, 22 June 2021

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

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