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WORLDGATE GLOBAL LOGISTICS LTD

盛良物流有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8292)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2021

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GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of WORLDGATE GLOBAL LOGISTICS LTD (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

- The Group's total revenue amounted to approximately RM17.8 million for the three months ended 31 March 2021, increased by approximately 11.6% as compared to that of the same period in 2020.
- The gross profit amounted to approximately RM1.9 million for the three months ended 31 March 2021, decreased by approximately 16.6% as compared to that of the same period in 2020.
- The Group recorded a net loss of approximately RM1.9 million for the three months ended 31 March 2021.
- The Board does not recommend the payment of interim dividend for the three months ended 31 March 2021.

FINANCIAL RESULTS

The board of Directors of the Company (the “**Board**”) is pleased to present the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months ended 31 March 2021 (the “**First Quarterly Financial Statements**”) together with the comparative figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2021

	<i>Notes</i>	2021 (Unaudited) RM’000	2020 (Unaudited) RM’000
Revenue	4	17,767	15,916
Cost of sales		<u>(15,825)</u>	<u>(13,587)</u>
Gross profit		1,942	2,329
Other revenue		231	90
Share of profit from an associate		102	–
Administrative expenses		(3,902)	(3,348)
Finance costs		<u>(271)</u>	<u>(198)</u>
Loss before income tax expense	5	(1,898)	(1,127)
Income tax expense	7	<u>(48)</u>	<u>(81)</u>
Loss for the period		<u>(1,946)</u>	<u>(1,208)</u>
Other comprehensive income for the period			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences arising on translation of foreign operations		<u>1,212</u>	<u>503</u>
		<u>1,212</u>	<u>503</u>
Total comprehensive expenses for the period		<u>(734)</u>	<u>(705)</u>

		2021	2020
		(Unaudited)	(Unaudited)
	<i>Note</i>	RM'000	RM'000
(Loss) profit for the period attributable to			
Owners of the Company		(1,982)	(1,208)
Non-controlling interests		36	–
		<u>(1,946)</u>	<u>(1,208)</u>
Total comprehensive expense for the period			
attributable to			
Owners of the Company		(770)	(705)
Non-controlling interests		36	–
		<u>(734)</u>	<u>(705)</u>
		RM	RM
			(Restated)
Loss per share			
Basic and diluted loss per share	8	<u>(1.71) sen</u>	<u>(1.51) sen</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2021

	(Unaudited)							
	Attributable to Owners of the Company							
	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Exchange reserve RM'000	(Accumulated losses)/ retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total RM'000
Balance at 1 January 2020	4,154	29,425	16,972	(348)	(9,261)	40,942	–	40,942
Loss for the period	–	–	–	–	(1,208)	(1,208)	–	(1,208)
Other comprehensive income	–	–	–	503	–	503	–	503
Total comprehensive income	–	–	–	503	(1,208)	(705)	–	(705)
Balance at 31 March 2020	<u>4,154</u>	<u>29,425</u>	<u>16,972</u>	<u>155</u>	<u>(10,469)</u>	<u>40,237</u>	<u>–</u>	<u>40,237</u>

	(Unaudited)							
	Attributable to Owners of the Company							
	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Exchange reserve RM'000	(Accumulated losses)/ retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total RM'000
Balance at 1 January 2021	5,230	32,526	16,972	(703)	(10,862)	43,163	–	43,163
Issue of shares in relation to the acquisition of a subsidiary	1,045	1,196	–	–	–	2,241	–	2,241
Issue of ordinary shares under general mandate pursuant to the placing agreement	636	431	–	–	–	1,067	–	1,067
Loss for the period	–	–	–	–	(1,982)	(1,982)	36	(1,946)
Other comprehensive income for the period	–	–	–	1,212	–	1,212	–	1,212
Acquisition of a subsidiary	–	–	–	–	–	–	1,491	1,491
Balance at 31 March 2021	<u>6,911</u>	<u>34,153</u>	<u>16,972</u>	<u>509</u>	<u>(12,844)</u>	<u>45,701</u>	<u>1,527</u>	<u>47,228</u>

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

1. CORPORATE INFORMATION AND REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 February 2016 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares (the "**Shares**") were listed on the GEM of the Stock Exchange on 6 July 2016. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business in Hong Kong and Malaysia are located at Unit 5D, 5/F, Hang Cheong Factory Building, No. 1 Wing Ming Street, Kowloon, Hong Kong and No. 42, Jalan Puteri 2/2, Bandar Puteri Puchong, 47100 Puchong, Selangor Darul Ehsan, Malaysia, respectively.

The Group is a well-established integrated logistics solution provider in Malaysia and Hong Kong principally engaged in providing international freight forwarding and logistics services, with a primary focus on air/sea freight forwarding and related services, trucking and warehousing to customers worldwide and manufacturing and trading of plastic products in Vietnam.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed financial statements are prepared in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of the GEM Listing Rules. They have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair value. The functional currency of the Company is Hong Kong dollars ("**HK\$**"), while the unaudited condensed consolidated financial statements are presented in Malaysian Ringgit ("**RM**"), which is the functional currency of the Company's major subsidiaries.

The accounting policies and methods of computation used in the preparation of the First Quarterly Financial Statements are consistent with those adopted in the annual report for the year ended 31 December 2020 (the "**2020 Annual Report**"), except for the adoption of the new and revised HKFRSs, which are effective for the financial year beginning on or after 1 January 2020. The adoption of the new and revised HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required. The First Quarterly Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the 2020 Annual Report.

3. SEGMENT INFORMATION

(a) Business segment

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has two reportable segments. The segments are managed separately because each segment offers different products and services and requires different strategies. The following summary describes the operations in each of the Group's reportable segments:

Revenue from contracts with customers within the scope of HKFRS 15:

	Three months ended 31 March	
	2021	2020
	(Unaudited) <i>RM'000</i>	(Unaudited) <i>RM'000</i>
Freight forwarding and related services	14,393	15,916
Manufacturing and trading of plastic product	3,374	–
	17,767	15,916

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment loss, which is measure of adjusted loss before taxation. The adjusted loss before taxation is measured consistently with the Group's loss before taxation except that interest income as well as head office and corporate expenses are excluded from such measurement.

For the three months ended 31 March:

	Freight forwarding and related services		Manufacturing and trading of plastic products		Total	
	2021	2020	2021	2020	2021	2020
	(Unaudited) <i>RM'000</i>	(Unaudited) <i>RM'000</i>	(Unaudited) <i>RM'000</i>	(Unaudited) <i>RM'000</i>	(Unaudited) <i>RM'000</i>	(Unaudited) <i>RM'000</i>
Revenue from external customers	14,393	15,916	3,374	–	17,767	15,916
Reportable segment (loss)/profit	(1,503)	(554)	73	–	(1,430)	(554)
Interest income	41	82	–	–	41	82
Finance costs	(175)	(198)	(14)	–	(189)	(198)
Depreciation of property, plant and equipment and right-of-use assets						
– allocated	(857)	(649)	(144)	–	(1,001)	(649)
– unallocated	–	–	–	–	–	–
					(1,001)	(649)
Taxation	30	81	18	–	48	81

(b) Geographic information

Information about the Group's revenue from external customers is presented based on the location of the operation. For revenue from cross-border transportation services, it is presented based on the location where the contract is negotiated and effected.

The following table provides an analysis of the Group's revenue from external customers.

	Three months ended 31 March	
	2021	2020
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Malaysia (place of domicile)	10,270	11,797
The People's Republic of China ("PRC") including		
Hong Kong	4,123	4,119
Vietnam	3,374	–
	<hr/>	<hr/>
Total	17,767	15,916
	<hr/> <hr/>	<hr/> <hr/>

4. REVENUE

	Three months ended 31 March	
	2021	2020
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Services under freight forwarding and related service segment being transferred over time:		
Air freight forwarding and related services	2,770	4,502
Sea freight forwarding and related services	7,235	6,861
Trucking and warehouse and related services	4,388	4,553
	<hr/>	<hr/>
	14,393	15,916
Goods under manufacturing and trading of plastic products segment being transferred at a point of time:		
Manufacturing and trading of plastic products	3,374	–
	<hr/>	<hr/>
	17,767	15,916
	<hr/> <hr/>	<hr/> <hr/>

5. LOSS BEFORE INCOME TAX EXPENSE

	Three months ended 31 March	
	2021	2020
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Loss before income tax expense is arrived at after charging:		
Depreciation of property, plant and equipment and right-of-use assets:		
– owned	864	246
– held under finance leases	–	–
– right-of-use assets	137	403
Employee costs (including director's remuneration)	3,396	3,316
Finance costs		
– bank overdrafts	26	17
– bank borrowings	137	149
– finance lease	8	–
– lease liabilities	18	32
	<u> </u>	<u> </u>

6. DIVIDENDS

The Board does not recommend the payment of interim dividend for the three months ended 31 March 2021 (2020: nil).

7. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statements of comprehensive income represents:

	Three months ended 31 March	
	2021	2020
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Current tax		
Malaysia income tax		
– charge for the period	30	81
Vietnam income tax		
– charge for the period	18	–
Hong Kong profits tax		
– charge for the period	–	–
	<u> </u>	<u> </u>
	48	81
Deferred tax		
– charge for the period	–	–
	<u> </u>	<u> </u>
Income tax expense	<u> </u>	<u> </u>
	48	81

Malaysian income tax is calculated at the statutory rate of 24% (2020: 24%) of the estimated taxable profit for the period. Certain subsidiaries incorporated in Malaysia enjoy tax rate of 18% (2020: 18%) on the first RM500,000 and remaining balance of the estimated taxable profit at tax rate of 24% (2020: 24%).

Hong Kong profits tax is provided at tiered rates of 8.25% (2020: 8.25%) on the first HK\$2 million and 16.5% for the remainder (2020: 16.5%) on estimated assessable profits arising from Hong Kong during the period. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

Vietnam income tax is calculated at the statutory rate of 20% of the estimated taxable profit for the period.

8. LOSS PER SHARE

The calculation of loss per share is based on the loss attributable to owners of the Company and the weighted average number of ordinary shares in issue during the respective periods.

The calculation on basic and diluted loss per share is based on the following information:

	Three months ended 31 March	
	2021 (Unaudited) RM'000	2020 (Unaudited) RM'000
Loss		
Loss for the period attributable to owners of the Company	<u><u>1,982</u></u>	<u><u>1,208</u></u>
		Number of Shares (Restated)
Shares		
Weighted average number of ordinary shares in issue during the period	<u><u>116,133,333</u></u>	<u><u>80,000,000</u></u>

- (a) At 17 November 2020, the Group has entered into a sale and purchase agreement with an independent third party for an acquisition of 51% of the issued share capital of China Elegant Limited (“**China Elegant**”) at a consideration of HK\$6,600,000 which will be satisfied by share of the Company. At 28 January 2021, the acquisition was completed. An aggregate of 200,000,000 shares (equivalent to 20,000,000 consolidated shares assuming that the share consolidation has become effective) have been allotted and issued by the Company at the issue price of HK\$0.33 each for the settlement of the consideration.
- (b) Share consolidation of 10 shares into 1 Consolidated share of the Company had been completed on 18 January 2021. Upon the share consolidation became effective, the authorised share capital of the Company becomes HK\$10,000,000 divided into 100,000,000 Consolidated Shares of HK\$0.1 each, which are fully paid or credited as fully paid.

- (c) In order to undertake the acquisition mentioned in (a), the Company required to issue an aggregate of 200,000,000 consideration shares (equivalent to 20,000,000 consolidated shares assuming the share consolidation has become effective). The Board proposes to increase the Company's authorised share capital from HK\$10,000,000 divided into 1,000,000,000 shares (equivalent to 100,000,000 consolidated shares assuming the share consolidation has become effective) to HK\$100,000,000 divided into 10,000,000,000 Shares (equivalent to 1,000,000,000 consolidated shares assuming the share consolidation has become effective) by the creation of an additional 9,000,000,000 shares (equivalent to 900,000,000 consolidated shares assuming the share consolidation has become effective). On 18 January 2021, the increase in authorised share capital has become effective.
- (d) On 26 February 2021, the Group and the placing agent entered into the placing agreement pursuant to which the Company appointed the placing agent to place, subject to the fulfillment of the condition precedent to the placing, a maximum of 12,000,000 placing shares to not less than six independent placees at a price of HK\$0.17 per placing share. The placing was completed on 16 March 2021. The net proceeds from the placing, after deducting the placing commission payable to the placing agent and other expenses incurred in the placing, are approximately HK\$1,900,000. The Company intends to apply all the net proceeds for general working capital of the Group.

The weighted average number of ordinary shares used for the purposes of calculating basic loss per share for the three months ended 31 March 2021: 116,133,333 (2020 (restated): 80,000,000).

Diluted loss per share are same as the basic loss per share as the Group had no dilutive potential ordinary shares during the three months ended 31 March 2021 and 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Integrated Logistic Service Business

The Group offers a comprehensive and wide range of services to meet its customers' needs, including air/sea freight forwarding and related services, trucking and warehousing related services. In addition, the Group provides value-added services such as supply chain management services including pick & pack, distribution and stock & inventory report, security escort services and tracking services. These services are complementary to one another, and provide customers a wide range of services with cost savings. Although the freight forwarding industry in Malaysia is highly fragmented and competitive, in particular, we directly and indirectly compete with other integrated logistics service providers on a local, regional and international basis in the form of pricing, range of services provided, information technology and network of customer, the Group implement the logistics service in Hong Kong with the intention to strengthen the market position. The Group closely monitor the market situations and make necessary adjustments to its strategies and operations.

During the three months ended 31 March 2021, our integrated logistics services can be broadly categorised into (1) air freight forwarding and related services; (2) sea freight forwarding and related services; and (3) transportation and warehousing and related services.

1. *Air Freight Forwarding and Related Services*

The revenue from the air freight services accounted for approximately RM2.8 million and RM4.5 million for the three months ended 31 March 2021 and 2020, respectively. With the effect from COVID-19, the rate for air freight was gone up seriously and many airline has only provided limited airline for sustaining the business and thus the air freight services revenue dropped for approximately 38.5% for the period. Revenue from air freight services mainly consists of fee of import & export air freight cargo space, customs clearance, local trucking and haulage to and from seaport and customers/warehouses, other services related to air freight. Such revenue is mainly driven by the volume of goods, type of services provided, type of cargo, among other factors.

The shipment volume of the Group's air freight forwarding and related services during the period ended 31 March 2021 and 2020 is set out in the table as below:

	For the three months ended	
	31 March	
	2021	2020
	'000 kg	'000 kg
Air freight shipment volume		
(a) Export	1,460	1,457
(b) Import	391	497

2. *Sea Freight Forwarding and Related Services*

The revenue from the sea freight services was the largest source of income, which accounted for approximately RM7.2 million and RM6.9 million for the three months ended 31 March 2021 and 2020, respectively. Revenue from sea freight services mainly consists of fee of import & export sea freight cargo space, customs clearance, local trucking and haulage to and from seaport and customers/warehouses, other services related to sea freight. Such revenue is driven by the volume of goods, type of services provided, type of cargo, among other factors.

The shipment volume in Twenty-foot Equivalent Unit ("TEU") of the Group's sea freight forwarding and related services during the period ended 31 March 2021 and 2020 is set out in the table as below:

	For the three months	
	ended 31 March	
	2021	2020
	TEU	TEU
Sea freight shipment volume		
(a) Export	1,767	2,119
(b) Import	1,268	2,020

3. *Trucking and Warehousing and Related Services*

(i) Trucking and Related Services

The Group's trucking and related services can be divided into two categories: (i) supporting service for its freight forwarding business; and (ii) service which does not involve sea freight or air freight.

Majority of the transportation revenue was from the supporting services for the Group's freight forwarding business including income from haulage and trucking services. Such revenue has been taken into account as part of the revenue generated from the air/sea freight forwarding services provided by the Group.

The revenue from the trucking services which does not involve air freight or sea freight accounted for approximately RM4.4 million and RM4.6 million for the three months ended 31 March 2021 and 2020, respectively. Revenue from such services mainly consists of delivery fee for trucking services for both Hong Kong and Malaysia. Such revenue is mainly driven by the volume of goods delivered, and the numbers of trips and types of customers served, among other factors.

(ii) Warehousing and Related Services

The Group's warehousing business mainly serves a supporting role for its freight forwarding services. The Group's warehousing services provided in Port Klang mainly consisted of general warehousing services. The warehousing services provided in Kuala Lumpur and Penang airports mainly served as temporary storages of goods for the Group's international air freight business. Therefore, revenue from the Group's warehouse business only accounted for an insignificant portion of less than 1% of the Group's total revenue for the three months ended 31 March 2021 (2020: less than 1%).

4. *Manufacturing and Trading of Plastic Products*

On 28 January 2021, the Group acquired the entire issued share capital of China Elegant Limited which is principally engaged in (i) manufacturing plastic products and accessories for industrial and civil equipment, (ii) producing molds related to plastic products, (iii) trading of plastic products and accessories, and (iv) real estate business and subleasing of excess land.

During the three months ended 31 March 2021, the Group recorded a revenue from the manufacturing and trading of plastic products approximately RM3.4 million.

FUTURE PROSPECTS AND OUTLOOK

The Group aims to strengthen its position as an integrated logistics solution service provider in both Hong Kong and Malaysia. The Directors believe that there are (i) still plenty of room for growth for business in Penang given the fact that companies continue to set up new manufacturing plants in Penang; (ii) new business opportunities in Malacca, Johor and border of Thailand upon opening up of the borders of the ASEAN countries; and (iii) new business opportunities with Chinese and international clients with widening the borders of the ASEAN countries. To achieve this, the Group intends to further expand its business in major gateways of Malaysia and China and expand the scope of services to cover cross border trucking, haulage and rail freight.

The Group has attracted a new customer which is a forwarding agent of a world leading multinational engineering and electronics company headquartered in Germany. It is expected that the new customer will generate recurring business and it may have a positive impact on our revenue. Besides, the Group has an intention to expand the logistics business in Hong Kong in order to absorb more Chinese and international clients. The Board is of the view that the logistics business will broaden its revenue base. It is expected that it may also improve the capital usage efficiency of the Company and generate additional investment returns on the idle funds of the Company.

The board is of view that the manufacturing and trading of plastic products provides an opportunity to further diversify the Group's business and will expand and create synergy effect with the Group's existing business.

FINANCIAL REVIEW

Integrated Logistics Services Business

Revenue

The Group's total revenue from the integrated logistics services amounted to approximately RM14.4 million and RM15.9 million for the three months ended 31 March 2021 and 2020, respectively. For the three months ended 31 March 2021, approximately 19.3% and 50.3% of the Group's integrated logistics services revenue was attributable to air freight forwarding and sea freight services, respectively. For the three months ended 31 March 2020, approximately 28.3% and 43.1% of the Group's integrated logistics services revenue was attributable to air freight forwarding and sea freight services, respectively.

Revenue from the integrated logistics services for the three months ended 31 March 2021 decreased by approximately 9.6% or approximately RM1.5 million as compared to that of the same period in 2020. The decrease was mainly due to revenue from air freight forwarding decreased by approximately RM1.7 million as compared with the last period even though there is approximately RM0.4 million increase of revenue from sea freight service as compared with last period. Besides, the trucking and related services also decreased by approximately RM0.2 million for the period ended 31 March 2021.

Cost of Sales

Major components of the cost of sales were freight charges of cargo spaces. The Group obtains cargo space from international airlines and shipping liners, their agents/overseas freight forwarders at the rate depending on freight destination and volume/weight, among other factors. The Group charges its customers based on the cost quoted by the suppliers plus a reasonable profit margin.

In line with the decrease in revenue, the cost of sales decreased by approximately 5.4% from RM13.6 million for the three months ended 31 March 2020 to RM12.9 million for the three months ended 31 March 2021.

Gross Profit and Gross Profit Margin

The gross profit decrease by approximately 34.0% from RM2.3 million for the three months ended 31 March 2020 to RM1.5 million for the three months ended 31 March 2021. It was mainly due to revenue generated from air freight forwarding and related services for the three months ended 31 March 2021 decreased 38.5% where the weight decreased about 5.2% from about 1,953,569 kg for the three months ended 31 March 2020 to about 1,851,221 kg for the three months ended 31 March 2021.

Manufacturing and Trading of Plastic Products

Revenue

The Group's total revenue from manufacturing and trading of plastic products amounted to approximately RM3.4 million for the three months ended 31 March 2021.

Cost of Sales

For the manufacturing and trading of plastic products, the cost of sales amounted to approximately RM3.0 million for the three months ended 31 March 2021.

Gross Profit and Gross Profit Margin

The gross profit of the manufacturing and trading of plastic products amounted to approximately RM0.4 million and the gross profit margin is approximately 12% for the three months ended 31 March 2021.

Administrative Expenses

The administrative expenses were approximately RM3.9 million for the three months ended 31 March 2021 (2020: RM3.3 million). The administrative expenses mainly consist of staff cost, operating leases and depreciation of property, plant and equipment and right-of-use assets.

Finance Costs

Finance costs represent interest on bank overdrafts, bank borrowings, finance lease and lease liabilities. For the three months ended 31 March 2021 and 2020, financial cost amounted to approximately RM271,000 and RM198,000, respectively.

Loss for the Period and Loss per Share

The Group recorded a loss of approximately RM2.0 million for the three months ended 31 March 2021 (2020: RM1.2 million) which is attributable to the owners of the Company. The Group's loss per share for the three months ended 31 March 2021 was RM1.71 sen (2020 (restated): RM1.51 sen).

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the three months ended 31 March 2021 (2020: nil).

USE OF PROCEEDS FROM THE COMPANY'S SHARE PLACING

The net proceeds received from the placing of 12,000,000 ordinary shares of the Company at a price of HK\$0.17 each on 16 March 2021 (the "Share Placing"), after deducting issue expenses relating to the Share Placing paid by the Company, amounted to approximately HK\$1.9 million. The planned use of proceeds was solely for financing the Group's working capital.

The analysis of the actual use of the proceeds is set out below:

	Planned use of proceeds <i>HK\$'000</i>	Actual use of proceeds up to 31 March 2021 <i>HK\$'000</i>
As general working capital	1,900	210
	<u>1,900</u>	<u>210</u>

The unused balance of the proceeds is placed with reputable banks as the Group's bank deposits.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2021, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (“SFO”)) 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 or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules (“**Model Code**”) relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange were as follows:

Name of ex-Director	Capacity/ Nature of interest	Number of Shares held⁽¹⁾	Percentage of shareholding
Ms. Wen Jianping	Beneficial owner	1,000,000 (L)	0.76%

Note:

(1) The letter “L” denotes the person’s long position in the relevant Shares.

Save as disclosed above, as at 31 March 2021, none of the Directors or chief executives of the Company had, or was deemed to have, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of the Company as referred to in Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2021, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholders	Capacity/ Nature of interest	Number of Shares held ⁽¹⁾	Percentage of shareholding
JL Investments Capital Limited (“ JL Investments ”)	Person having a security interest in shares ⁽²⁾	10,530,000 (L)	7.98%
Mr. Lau Chi Yuen, Joseph (“ Mr. Lau ”)	Interest in controlled corporation ⁽²⁾	10,530,000 (L)	7.98%
Crown World Investments Limited (“ Crown World ”)	Person having a security interest in shares ⁽³⁾	16,000,000 (L)	12.12%
Mr. Zhong Xian Wen (“ Mr. Zhong ”)	Interest in controlled corporation ⁽³⁾	16,000,000 (L)	12.12%
Noble Might Limited (“ Noble Might ”)	Person having a security interest in shares ⁽⁴⁾	20,000,000 (L)	15.15%
Ms. Chan Ka Wai (“ Ms. Chan ”)	Interest in controlled corporation ⁽⁴⁾	20,000,000 (L)	15.15%

Notes:

1. The letter “L” denotes the person’s long position in the relevant Shares.
2. JL Investments is a company owned as to 100% by Mr. Lau. By virtue of the SFO, Mr. Lau is deemed to be interested in 10,530,000 Shares held by JL Investments.
3. Crown World is a company owned as to 100% by Mr. Zhong. By virtue of the SFO, Mr. Zhong is deemed to be interested in 16,000,000 Shares held by Crown World.
4. Noble Might is a company owned as to 100% by Ms. Chan. By virtue of the SFO, Ms. Chan is deemed to be interested in 20,000,000 Shares held by Noble Might.

Save as disclosed above, as at 31 March 2021, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has adopted the share option scheme by written resolutions passed by the Shareholders on 17 June 2016. Under the terms of share option scheme, the Board may in its absolute discretion specify such conditions as it thinks fit when granting an option to an eligible person (including, without limitation, as to any minimum period an option must have been held or the minimum period of service or relationship with any member of the Group to be achieved before an option can be exercised (or any part thereof), to the extent of the option which can be exercised at any material time, or any performance criteria which must be satisfied by the eligible person, the Company, and its subsidiaries, before an option may be exercised).

The purpose of the share option scheme is to advance the interests of the Company and the Shareholders by enabling the Company to grant options to attract, retain and reward the eligible persons and to provide the eligible persons an incentive or reward for their contribution to the Group and by enabling such persons' contribution to further advance the interests of the Group.

The Share Option Scheme is valid and effective for a period of ten years commencing on the date of adoption of the Share Option Scheme. As at 31 March 2021, there were a total of 13,200,000 Shares, representing 10% of the issued Shares, available for issue under the Share Option Scheme. Since the Share Option Scheme came into effect, no share options were granted, exercised or cancelled by the Company.

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

During the three months ended 31 March 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

COMPETING INTERESTS

As confirmed by the Directors, the controlling shareholders and their respective close associates do not have any interests in any business, apart from the business operated by members of the Group, which competes or is likely to compete, directly or indirectly, with the business of the Group during the three months ended 31 March 2021.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.46 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the three months ended 31 March 2021.

CORPORATE GOVERNANCE CODE

The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Save for the deviation from CG Code provision A.2.1, the Company's corporate governance practices are based on the principles of good corporate governance as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules (the "CG Code") and in relation to, among others, our Directors, Chairman, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communications with the shareholders of the Company.

The Board understands the importance of the Chief Executive Officer. Hence, the Group will recruit a suitable person who has an extensive understanding of the Group's business as soon as possible to manage the day-to-day business. To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code for the three months ended 31 March 2021.

AUDIT COMMITTEE

The Company established the audit committee of the Company (the "Audit Committee") on 17 June 2016 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code as set out in Appendix 15 to the GEM Listing Rules. The Audit Committee comprises all independent non-executive Directors: Mr. Wong Siu Keung Joe, Ms. Wong Hoi Yan Audrey and Mr. Ma Kin Hung. Mr. Wong Siu Keung Joe is the chairman of the Audit Committee. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and information and provide advice in respect of financial reporting and oversee the internal control procedures of the Company.

The First Quarterly Financial Statements have not been audited by the Company's auditor, but have been reviewed by the Audit Committee.

By order of the Board
WORLDGATE GLOBAL LOGISTICS LTD
Lai Kwok Hei
Chairman

Hong Kong, 12 May 2021

As at the date of this announcement, the executive Directors are Mr. LAI Kwok Hei and Ms. TSUI Ka Mei; the independent non-executive Directors are Mr. WONG Siu Keung Joe, Ms. WONG Hoi Yan Audrey and Mr. MA Kin Hung.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for a minimum period of seven days from the date of its publication and on the Company’s website at <http://www.worldgate.com.hk>.