WORLDGATE GLOBAL LOGISTICS LTD
盛良物流有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8292)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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 RM43.4 million for the six months ended 30 June 2017, increased by approximately 29.8% as compared to that of the same period in 2016.

- The gross profit amounted to approximately RM6.5 million for the six months ended 30 June 2017, decreased by approximately 11.8% as compared to that of the same period in 2016.

- The Group recorded a net loss of approximately RM1.8 million for the six months ended 30 June 2017.

- The Board does not recommend the payment of interim dividend for the six months ended 30 June 2017.

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 and six months ended 30 June 2017 (the "**Interim Financial Statements**") together with the comparative figures for the corresponding periods in 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2017

		Three months ended 30 June		Six months ended 30 June	
		2017	2016	**2017**	2016
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	Notes	***RM'000***	*RM'000*	***RM'000***	*RM'000*
Revenue	*4*	**22,116**	15,676	**43,380**	33,432
Cost of sales		**(18,901)**	(12,095)	**(36,833)**	(26,008)
Gross profit		**3,215**	3,581	**6,547**	7,424
Other revenue		**121**	183	**175**	268
Administrative expenses		**(3,847)**	(7,690)	**(7,447)**	(12,711)
Finance costs		**(272)**	(290)	**(548)**	(521)
Loss before income tax expense	*5*	**(783)**	(4,216)	**(1,273)**	(5,540)
Income tax expense	*7*	**(266)**	(242)	**(531)**	(560)
Loss for the period attributable to owners of the Company		**(1,049)**	(4,458)	**(1,804)**	(6,100)
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
— Exchange differences arising on translation of financial statements from functional currency to presentation currency		**(747)**	172	**(1,181)**	(434)
Total comprehensive income for the period attributable to owners of the Company		**(1,796)**	(4,286)	**(2,985)**	(6,534)
Loss per share					
Basic and diluted loss per shares	*8*	**(0.13) sen**	(0.74) sen	**(0.23) sen**	(1.02) sen

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	As at 30 June 2017 (Unaudited) RM'000	As at 31 December 2016 (Audited) RM'000
Non-current assets			
Property, plant and equipment	9	**23,899**	24,514
Prepayment for acquisition of property, plant and equipment		**858**	417
Total non-current assets		**24,757**	24,931
Current assets			
Trade receivables	10	**18,131**	33,933
Prepayment, deposits and other receivables		**1,631**	1,244
Tax recoverable		**500**	795
Cash and cash equivalents		**34,450**	33,329
Total current assets		**54,712**	69,301
Current liabilities			
Trade payables	11	**8,014**	16,704
Accrual and other payables		**1,637**	3,132
Bank borrowings, secured		**922**	1,824
Tax payable		**9**	39
Finance lease obligations		**1,894**	1,646
Total current liabilities		**12,476**	23,345
Net current assets		**42,236**	45,956
Total assets less current liabilities		**66,993**	70,887
Non-current liabilities			
Deferred tax liabilities		**746**	746
Bank borrowings, secured		**13,410**	13,832
Finance lease obligations		**2,196**	2,683
Total non-current liabilities		**16,352**	17,261
Net assets		**50,641**	53,626
Capital and reserves			
Share capital	12	**4,154**	4,154
Reserves		**46,487**	49,472
Total equity		**50,641**	53,626

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Share capital *(Note 12)* *RM'000*	Share premium *RM'000*	Merger reserve *RM'000*	Exchange reserve *RM'000*	(Accumulated loss)/retained earnings *RM'000*	Total *RM'000*
Balance at 1 January 2016	7,000	9,972	—	(2)	13,335	30,305
Loss for the period	—	—	—	—	(6,100)	(6,100)
Other comprehensive income	—	—	—	(434)	—	(434)
Total comprehensive income	—	—	—	(434)	(6,100)	(6,534)
Dividends declared *(Note 6)*	—	—	—	—	(12,000)	(12,000)
Reorganisation *(Note 12)*	(7,000)	(9,972)	16,972	—	—	—
Balance at 30 June 2016	—	—	16,972	(436)	(4,765)	11,771
Balance at 1 January 2017	4,154	29,425	16,972	1,747	1,328	53,626
Loss for the period	—	—	—	—	(1,804)	(1,804)
Other comprehensive income	—	—	—	(1,181)	—	(1,181)
Total comprehensive income	—	—	—	(1,181)	(1,804)	(2,985)
Balance at 30 June 2017	4,154	29,425	16,972	566	(476)	50,641

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
Net cash from/(used in) operating activities	**4,677**	(3,452)
Cash flows from investing activities		
Purchases of property, plant and equipment	**(1,104)**	(1,264)
Proceeds from disposal of property, plant and equipment	**116**	344
Interest received	**165**	139
Net cash used in investing activities	**(823)**	(781)
Cash flows from financing activities		
Repayment of bank borrowings	**(1,324)**	(725)
Repayment from shareholders	**—**	7,757
Dividend paid	**—**	(5,737)
Repayment of finance lease obligations	**(239)**	(620)
Net cash (used in)/generated from financing activities	**(1,563)**	675
Net increase/(decrease) in cash and cash equivalents	**2,291**	(3,558)
Effects of exchange rate changes on cash and cash equivalents	**(1,170)**	(224)
Cash and cash equivalents at beginning of period	**33,329**	15,887
Cash and cash equivalents at end of period	**34,450**	12,105

NOTES TO THE FINANCIAL INFORMATION (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 were listed on the Growth Enterprise Market ("GEM") of the Stock Exchange on 6 July 2016 (the "Listing"). 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 1903, 19/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong and No. 42, Jalan Puteri 2/2, Bandar Puteri Puchong, 47100 Puchong, Selangor Darul Ehsan, Malaysia, respectively.

The Group is principally engaged in the provision of comprehensive international freight services, transportation services as well as warehousing services to customers worldwide.

Pursuant to the reorganisation (the "Reorganisation") carried out by the Group in preparation for the listing of shares of the Company on the GEM, the Company became the holding company of its subsidiaries now comprising the Group since 17 June 2016.

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 unaudited condensed financial statements do not include all the information and disclosures required in the annual financial statements and thereby should be read in conjunction with the annual financial statements for the year ended 31 December 2016 ("2016 Financial Statements") which have been prepared in accordance with the accounting policies which conforms to the HKFRSs. The details of which have been set out in note (i) and note (ii) below.

(i) Completion of Reorganisation

The Company and its subsidiaries now comprising the Group have been under the common control of Mr. Lee Chooi Seng ("Mr. Lee") and Mr. Chin Seng Leong ("Mr. Chin") (collectively the "Controlling Shareholders"), before and after the Reorganisation. A contractual arrangement existed among the Controlling Shareholders to manage the business and operations of the Group on a collective basis. Accordingly, the Reorganisation has been accounted for in accordance with Hong Kong Accounting Guideline 5 Merger Accounting for Common Control Combinations as if the Group structure under the Reorganisation had been in existence for the six month ended 30 June 2016. Upon the completion of the Reorganisation on 17 June 2016, the results of the subsidiaries are consolidated into the financial statements of the Company. All intra-group transactions, balances and unrealized gains on transactions have been eliminated in full on combination. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred, in which the case the loss is recognised in profit or loss.

(ii) Adoption of new or revised HKFRSs

In the current period, the Group has applied all of the amendments to HKFRSs issued by the HKICPA that are relevant to its operations and effective for the Group's financial year beginning on 1 January 2017. The adoption of these amendments to HKFRSs had no material effect on the results and financial position of the Group and/or disclosures set out in these unaudited condensed consolidated financial statements for the current and/or prior accounting periods.

New or revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 2	Share-based Payment[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
HKFRS 16	Leases[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

The Directors are currently assessing the possible impact of these new or revised standards on the Group's result and financial position in the first year of application.

Accounting estimates and assumptions are used in the preparation of financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately different from those estimates and assumptions. In preparing these unaudited condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2016 Financial Statements.

3. SEGMENT INFORMATION

(a) Business segment

The Group has been operating in one operating and reportable segment, being the provision of freight forwarding and related services in Malaysia (country of domicile). The chief operating decision maker make decisions based on the Financial Information of the Group prepared in accordance with HKFRS about resources allocation and performance assessment.

(b) Geographic information

For the geographical information, revenues from external customers are based on the location of operations. Since the Group solely operates business in Malaysia and all of the non-current assets of the Group are located in Malaysia, no geographical segment information is presented in accordance with HKFRS 8 Operating Segments.

(c) Information about major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group for the reporting period were as follow:

	Three months ended 30 June		**Six months ended 30 June**	
	2017	2016	**2017**	2016
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	RM'000	*RM'000*	***RM'000***	*RM'000*
Customer I	**7,669**	2,973	**16,356**	8,568
Customer II *(Note)*	**—**	3,502	**—**	6,283

Note: Customer II contributed less than 10% of total revenue of the Group in 2017

4. REVENUE

	Three months ended 30 June		**Six months ended 30 June**	
	2017	2016	**2017**	2016
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	RM'000	*RM'000*	***RM'000***	*RM'000*
Air freight forwarding and related services	**12,556**	7,031	**24,843**	18,870
Sea freight forwarding and related services	**9,179**	7,947	**16,890**	13,227
Trucking and warehouse and related services	**381**	698	**1,647**	1,335
	22,116	15,676	**43,380**	33,432

5. LOSS BEFORE INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	**2017**	2016
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	RM'000	*RM'000*	***RM'000***	*RM'000*
Loss before income tax expense is arrived at after charging:				
Depreciation of property, plant and equipment:				
— owned	**333**	395	**613**	436
— held under finance leases	**229**	261	**502**	754
Employee costs (including director's remuneration)	**3,327**	1,764	**6,780**	4,518
Listing expenses	**—**	4,874	**—**	6,645
Finance costs				
— bank overdrafts	**25**	30	**50**	65
— bank borrowings	**185**	204	**371**	393
— finance lease	**62**	56	**127**	63

6. DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2017 (2016: nil).

The dividends declared during the six months ended 30 June 2016 amounted to RM12 million represented final dividends proposed by certain group entities to their then shareholders.

7. INCOME TAX EXPENSE

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

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	**2017**	2016
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	RM'000	*RM'000*	***RM'000***	*RM'000*
Current tax — Malaysia income tax				
— charge for the year	**266**	292	**531**	584
Deferred tax				
— charge for the year	**—**	(50)	**—**	(24)
Income tax expense	**266**	242	**531**	560

Malaysian income tax is calculated at the statutory rate of 24% (2016: 24%) of the estimated taxable profit for the period. Certain subsidiaries incorporated in Malaysia enjoy tax rate of 19% (2016: 19%) on the first RM500,000 and remaining balance of the estimated taxable profit at tax rate of 24% (2016: 24%).

No provision for Hong Kong profits tax has been made as the Group had no taxable profits arising in Hong Kong for six months ended 30 June 2016 and 2017.

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 30 June		Six months ended 30 June	
	2017	2016	**2017**	2016
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	RM'000	*RM'000*	***RM'000***	*RM'000*
Loss				
Loss for the period attributable to owners of the Company	**1,049**	4,458	**1,804**	6,100
	Number of shares			
Shares				
Weighted average number of ordinary shares in issue during the period	**800,000,000**	600,000,000	**800,000,000**	600,000,000

The calculation of the weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share for the periods has been determined based on the assumption that the Capitalisation Issue as described in Prospectus that are deemed to have become effective on 1 January 2016.

Diluted loss per share are same as the basic loss per share as there are no dilutive potential ordinary shares in existence during the six months ended 30 June 2017 and 2016.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group spent approximately RMnil, RMnil and RM663,000 on acquisition of leasehold improvement, motor vehicles and furniture, fixture and equipment, respectively (six months ended 30 June 2016: approximately RM629,000, RM161,000 and RM170,000) and disposed approximately RM161,000 of motor vehicles (six months ended 30 June 2016: RM972,000).

10. TRADE RECEIVABLES

The average credit period granted to trade debtors ranging from 30-60 days from the invoice date.

An aging analysis, based on invoice dates, as of the end of the reporting period is as follow:

	As at 30 June 2017 (Unaudited)	As at 31 December 2016 (Audited)
	RM'000	*RM'000*
Within 1 month	**8,100**	17,054
1 to 2 months	**5,306**	9,191
2 to 3 months	**2,589**	4,126
Over 3 months	**2,136**	3,562
	18,131	33,933

At the end of each of the reporting periods, the Group reviews trade receivables for evidence of impairment on both individual and collective basis. Based on the impairment assessment, no impairment has been recognised.

11. TRADE PAYABLES

Trade payables are non-interest bearing. The Group is normally granted credit terms ranging from 0 to 30 days from the invoice date.

An aging analysis, based on invoice dates, as of the reporting period is as follow:

	As at 30 June 2017 (Unaudited) *RM'000*	As at 31 December 2016 (Audited) *RM'000*
Within 1 months	**3,168**	10,587
1 to 2 months	**3,668**	5,312
2 to 3 months	**821**	296
Over 3 months	**357**	509
	8,014	16,704

12. SHARE CAPITAL

The share capital balance as at 1 January 2016 represented the issued share capital of its subsidiaries, Worldgate Express Services Sdn. Bhd., My Forwarder International Sdn. Bhd., Freight Transport Network Sdn. Bhd. and Worldgate International Investment Limited as at that date.

The share capital balance as at 31 December 2016 and 30 June 2017 represented the issued share capital of the Company. Details of movements in the authorised and issued and fully paid share capital of the Company during the period from 18 February 2016 (date of incorporation) to 30 June 2017 are summarised as follows:

	Number of shares	**Amount** *RM'000*	**Amount** *HK'000*
Authorised:			
Ordinary share of HK$0.01 each *(Note (i))*	38,000,000	205	380
Increase in authorised share capital *(Note (ii))*	962,000,000	5,178	9,620
At 31 December 2016 and 30 June 2017	1,000,000,000	5,383	10,000
Issued and fully paid:			
Issue of share upon incorporation *(Note (i))*	1	—#	—#
Issue of ordinary share during the period *(Note (iii))*	99	—#	—#
Placing *(Note (v))*	200,000,000	1,039	2,000
Capitalisation issue *(Note (vi))*	599,999,900	3,115	6,000
At 31 December 2016 and 30 June 2017	800,000,000	4,154	8,000

Represents amount less than RM1,000

Notes:

(i) The Company was incorporated on 18 February 2016 with authorised share capital of RM204,550 (equivalent to HK$380,000) divided into 38,000,000 ordinary shares of HK$0.01 each. Upon incorporation, one nil-paid subscriber share (the "Initial Share") was allotted and issued to the subscriber. On the same day, the initial subscriber transferred its Initial Share to RLDC Investment Holdings Limited (the "RLDC Investment"). RLDC Investment is a company incorporated in British Virgin Islands and was beneficially owned by the Controlling Shareholders.

(ii) On 17 June 2016, the authorised share capital of the Company was increased from HK$380,000 to HK$10,000,000 divided into 1,000,000,000 shares of HK$0.01 each by the creation of additional 962,000,000 shares of HK$0.01 each.

(iii) On 17 June 2016, the Company allotted and issued 99 shares in aggregate to RLDC Investment, Upright Plan Limited and Champion Ascent Limited which were credited as fully paid as consideration for the transfer of their shareholding interest in Worldgate International Investment Limited. Upon completion of the Reorganisation on 17 June 2016, the Company has become the holding company of the Group.

(iv) Merger reserve mainly arose from the Reorganisation. Details of the Reorganisation are as set out in the section headed "History, Reorganisation and Corporate Structure" to the prospectus issued by the Company dated 28 June 2016 (the "Prospectus"). Merger reserve amounting to RM16,972,000 represented the difference between the nominal value of shares issued by the Company and the issued share capital and share premium of the above-mentioned subsidiaries.

(v) On 5 July 2016, the placing of 200,000,000 ordinary shares of the Company of HK$0.01 each at the placing price of HK$0.35 per placing share were allotted and issued.

(vi) Upon completion of the Placing, the issue of 599,999,900 ordinary shares of the Company at par to the shareholders of the Company on a pro-rata basis by way of capitalising an amount of RM3,115,000 (or equivalent to HK$5,999,999) from the share premium account of the Company which was approved by the shareholders of the Company on 17 June 2016 and has become unconditional.

13. OPERATING LEASES

Operating lease payments represent rentals payable by the Group for certain of its lease properties. Leases are negotiated for terms between 1 year and 4 years at fixed rentals.

At the end of each of the reporting period, the Group had operating lease commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 30 June 2017 (Unaudited)	As at 31 December 2016 (Audited)
	RM'000	*RM'000*
Not later than one year	**688**	579
Late than one year and not later than two years	**90**	607
Later than two year and not later than five years	**69**	42
	847	1,228

14. CAPITAL COMMITMENTS

	As at 30 June 2017 (Unaudited)	As at 31 December 2016 (Audited)
	RM'000	*RM'000*
Commitments for the acquisition of property, plant and equipment	**377**	734

15. RELATED PARTY TRANSACTIONS

(a) At 30 June 2016, the personal guarantees provided by the Controlling Shareholders to banks had been released and replaced by corporate guarantee provided by the Company, respectively.

(b) The remuneration of directors and other members of key management during the reporting period were as follows:

	Three months ended 30 June		**Six months ended 30 June**	
	2017	2016	**2017**	2016
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	RM'000	*RM'000*	***RM'000***	*RM'000*
Wages and salaries	**1,165**	366	**2,306**	770
Contributions to retirement benefits schemes	**70**	41	**136**	86
	1,235	407	**2,442**	856

16. SUBSEQUENT EVENT

The Group has entered into an "AMENDMENT TO THE LOGISTICS SERVICES AGREEMENT" with Customer I on 1 August 2017. The status has been changed from Regional Service Provider (RSP) to Local Service Provider (LSP) effective 1 August 2017. There are certain changes of our service terms with Customer I, which may impact on the overall performance of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a well-established integrated logistics solution provider in Malaysia principally engaged in providing international freight forwarding and logistics services, with a primary focus on air/sea freight forwarding and related services, transportation and warehousing to customers worldwide.

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 competes 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 will implement various strategies as stated in the Prospectus with the intention to strengthen our market position. The Group will closely monitor the market situations and make necessary adjustments to its strategies and operations.

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 related services.

1. Air Freight Forwarding and Related Services

The revenue from the air freight services was the largest source of income which accounted for approximately RM24.8 million and RM18.9 million for the six months ended 30 June 2017 and 2016, respectively. 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 30 June 2017 and 2016 is set out in the table as below:

	For the six months ended 30 June	
	2017	2016
	'000 kg	*'000 kg*
Air freight shipment volume		
(a) Export	**2,342**	1,048
(b) Import	**2,506**	2,119

2. Sea Freight Forwarding and Related Services

The revenue from the sea freight services accounted for approximately RM16.9 million and RM13.2 million for the six months ended 30 June 2017 and 2016, 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 30 June 2017 and 2016 is set out in the table as below:

	For the six months ended 30 June	
	2017	2016
	TEU	*TEU*
Sea freight shipment volume		
(a) Export	**3,024**	2,984
(b) Import	**4,886**	3,287

3. 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 RM1.3 million and RM1.13 million for the six months ended 30 June 2017 and 2016, respectively. Revenue from such services mainly consists of delivery fee for trucking services. Such revenue is mainly driven by the volume of goods delivered, and the numbers of trips and types of customers served, among other factors.

4. Warehousing and Related Services

The Group's self-owned warehouse was set up for operation in March 2016. 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 six months ended 30 June 2017 and 2016.

FUTURE PROSPECTS AND OUTLOOK

The Group aims to strengthen its position as an integrated logistics solution service provider in 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. To achieve this, the Group intends to further expand its business in major gateways of Malaysia and expand the scope of services to cover cross border trucking, haulage and rail freight.

FINANCIAL REVIEW

Revenue

The Group's total revenue amounted to approximately RM43.4 million and RM33.4 million for the six months ended 30 June 2017 and 2016, respectively. The increase was due to the fact that the Group reasonably lowered its gross profit margin to attract more customers as well as retaining existing customers and boost the revenue since the fourth quarter 2016. Majority of the Group's income was attributable to freight charges for the six months ended 30 June 2017 and 2016. For the six months ended 30 June 2017, approximately 57.3% and 38.9% of the Group's revenue was attributable to air freight services and sea freight services, respectively. For the six months ended 30 June 2016, approximately 56.4% and 39.6% of the Group's turnover was attributable to air freight service and sea freight service, respectively.

Revenue for the six months ended 30 June 2017 increased by approximately 29.8% or approximately RM9.9 million as compared to that of the same period in 2016, as a result of the increase in air freight and sea freight shipment volume.

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 increase in shipment volume and revenue, the cost of sales for the six months ended 30 June 2017 increased by approximately 41.6% or RM10.8 million as compared to the same period in 2016.

Gross Profit and Gross Profit Margin

In order to cope with the keen competition of air freight business in Malaysia, the Company has lowered its gross profit margin reasonably in an attempt to attract more customers as well as retaining existing customers to boost the revenue, effective starting with the fourth quarter 2016. The gross profit decreased by approximately 11.8% from RM7.4 million for the six months ended 30 June 2016 to RM6.5 million for the six months ended 30 June 2017. Despite an increase in revenue from air freight services for the six months ended 30 June 2017, a lower gross profit margin was recorded as compared with the same period in 2016. Furthermore, revenue generated from sea freight services and its shipment volume for the six months ended 30 June 2017 has also increased, the gross profit margin from sea freight decreased due to the freight rate charged from the suppliers increased during the current period. With the combined effects of revenue and cost of sales, the Group's gross profit margin declined to 15.1% for the six months ended 30 June 2017 from 22.2% for the six months ended 30 June 2016.

Administrative Expenses

The administrative expenses decreased by approximately RM5.3 million, from RM12.7 million for the six months ended 30 June 2016 to RM7.4 million for the six months ended 30 June 2017. The lower administrative expenses were mainly due to the absence of recognition of listing expenses for the six months ended 30 June 2017 (2016: RM6.6 million). The administrative expenses mainly consist staff cost, operating leases and depreciation of property, plant and equipment.

Finance Costs

Finance costs represent interest on bank overdrafts, bank borrowings and finance lease. For the six months ended 30 June 2017 and 2016, financial cost amounted to approximately RM548,000 and RM521,000, respectively. The increase is mainly due to the increase in bank financing for the loan taken by the Group during the current period.

Loss for the Period and Loss per Share

The Group recorded a loss of approximately RM1.8 million for the six months ended 30 June 2017 (2016: RM6.1 million). The Group's loss per share for the six months ended 30 June 2017 was RM0.23 sen (2016: RM1.02 sen).

Liquidity, Financial Resources and Capital Structure

As at 30 June 2017,

(a) the Group's net current assets was approximately RM42.2 million (31 December 2016: RM46.0 million) and the Group had cash and cash equivalents of approximately RM34.5 million (31 December 2016: RM$33.3 million);

(b) the Group had bank borrowings and finance lease obligations of approximately RM14.3 million (31 December 2016: RM15.7 million) and RM4.1 million (31 December 2016: RM4.3 million);

(c) the Group's current ratio was approximately 4.4 times (31 December 2016: 3.0 times). The gearing ratio is calculated by dividing total debt by total equity at the end of the respective periods. The Group's gearing ratio was approximately 36.4% (31 December 2016: 37.3%);

(d) the Group's total equity attributable to owners of the Company amounted to RM50.6 million (31 December 2016: RM53.7 million). The capital of the Company mainly comprises share capital and reserves.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2017 (2016: nil).

CONTINGENT LIABILITIES

As at 30 June 2017, bank guarantees of RM523,000 of the Group (31 December 2016: RM538,000) were issued to suppliers for operational requirements. The Directors do not consider probable that a claim will be made against the Group under these guarantees.

PLEDGE OF ASSETS

At the 30 June 2017, certain of the Group's land and buildings with net carrying amount of RM15.4 million (31 December 2016: RM14.7 million) were pledged to secure the bank borrowings granted to the Group by licensed banks.

CAPITAL COMMITMENTS

As at 30 June 2017, the capital commitments of the Group are related to purchase of property, plant and equipment of approximately RM377,000 (31 December 2016: RM734,000).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Group has no material acquisitions and disposals of subsidiaries for the six months ended 30 June 2017.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

As at 30 June 2017, there was no significant investment held by the Group (31 December 2016: nil).

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group does not have any concrete plan for material investments or capital assets as at 30 June 2017.

FOREIGN CURRENCY RISK

The Group derives a significant portion of its revenue in USD from international operations. While the Group's local customers and local suppliers settle with the Group in RM, quotes from suppliers are usually made in USD for shipping cargo space. Normally, the Group's receipt in USD is more than its payment in USD. In other words, the Group is accumulating USD. The management will monitor foreign currency exposure of the Group and will consider undertaking foreign exchange hedging activities to reduce the impact of foreign exchange rate movements on the Group's operating result.

As at 30 June 2017 and 31 December 2016, the Group did not enter into any foreign currency forward contracts. However, the management will monitor the foreign currency exposure and will consider hedging significant foreign currency exposure if necessary.

EMPLOYEES AND REMUNERATION POLICY

The Group has a total of 188 and 185 full-time employees as at 30 June 2017 and 31 December 2016 respectively. The total employee remuneration including remuneration of the Directors for the six months ended 30 June 2017 amounted to RM6.8 million (2016: RM4.5 million).

The Group recognises that its success in the freight forwarding and logistics industry is dependent on its employees. The Group recruits its employees based on their industry experience and interpersonal skills. The Company regularly reviews and determines the remuneration and compensation packages of the Directors and senior management. The Company regularly provides discretionary bonuses to its senior management and key employees as incentive.

COMPARISON OF BUSINESS OBJECTIVES AND STRATEGIES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the future plans and use of proceeds contained in the Prospectus with the Group's actual business progress for the period from the date of Listing to 30 June 2017 (the "**Relevant Period**") is set out below:

Business strategies as stated in the Prospectus	Implementation activities during the Relevant Period as stated in Prospectus	Actual business progress during the Relevant Period
1. Further expand its representative/branch office in major gateways of Malaysia	a. Further expansion of Malacca & Johor branches; and	The Group is in progress of hiring more new sales staff to promote and further expand Melaka & Southern region markets
	b. Establishment of office in Padang Besar, Perlis, Malaysia (Thailand border) and warehouse in Penang.	A new sales executive has been hired to further expand Melaka & Southern region markets
2. Expand the scope of services	a. Engagement of market research team to conduct research in rail freight services; and	The Group has conducted market research on an in-house basis on rail freight, warehousing & distribution in line with the "Belt & Road" initiative. New staff will be hired & to be stationed at Padang Besar, Perlis to expand the scope of services
	b. Cost of establishing a small business development team.	The Group has taken efforts to intensify market promotion in Malaysia as well as in the international market places through participation in several international conferences and events for better networking & market promotion The Group has upgraded warehouse with racking system to increase the lettable space for optimum benefits
3. Further strengthen the information technology systems	a. Software development (Freight Management 3000); and	FM3000 air & sea module have been implemented. Other modules are still in progress of implementation
	b. Purchase of network equipment	Upgrading of old computer to new laptop

Business strategies as stated in the Prospectus	Implementation activities during the Relevant Period as stated in Prospectus	Actual business progress during the Relevant Period
4. Attract and retain talented and experienced employees	Recruitment costs for new talents	The Group has hired new talents to further growth of our business
5. Grow the business strategically through business acquisitions in Singapore	Payment for potential targets	The Group is still exploring for suitable candidate for acquisition in Singapore

USE OF PROCEEDS FROM PLACING

The net proceeds from the Placing (after deducting underwriting fees and estimated expenses payable by the Group in connection with the Placing) were approximately HK$51.6 million (or RM27.2 million at the exchange rate of approximately RM1 = HK$1.90) as disclosed in the Prospectus. During the Relevant Period, the net proceeds from the Placing has been applied as follows:

	Planned use of net proceeds as stated in the Prospectus during the Relevant Period	Actual use of proceeds during the Relevant Period
	HK$' million	*HK$' million*
Further expand its representative/branch office in major gateways of Malaysia	7.8	0.4
Expand the scope of services	0.5	0.5
Further strengthen the information technology systems	2.8	0.8
Attract and retain talented and experienced employees	0.2	0.2
Grow the business strategically through business acquisitions and business collaborations	9.5	—
Repay loans	2.8	1.4
Total	23.6	3.3

OTHER INFORMATION

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company

As at 30 June 2017, 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 Directors	**Capacity/Nature of interest**	**Number of Shares held[(1)]**	**Percentage of shareholding**
Mr. Lee Chooi Seng ("**Mr. Lee**")	Interest in controlled corporation[(2)]	444,000,000 Shares (L)	55.5%
Mr. Chin Seng Leong ("**Mr. Chin**")	Interest in controlled corporation[(2)]	444,000,000 Shares (L)	55.5%

Notes:

(1) The letter "L" denotes the person's long position in the relevant Shares.

(2) The entire issued share capital of RLDC Investment is legally and beneficially owned by Mr. Lee as to 50% and Mr. Chin as to 50%. Accordingly, Mr. Lee and Mr. Chin are deemed to be interested in all Shares held by RLDC Investment by virtue of the SFO.

Save as disclosed above, as at 30 June 2017, 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 30 June 2017, 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
RLDC Investment	Beneficial owner	444,000,000 (L)	55.5%
Mrs. Ng Yee Hoong	Family interest[2]	444,000,000 (L)	55.5%
Mrs. Dorothy Yeo Mong Yee	Family interest[3]	444,000,000 (L)	55.5%
Walgan Investment Limited ("**Walgan Investment**")	Interest in controlled corporation[4][5]	149,000,000 (L)	18.63%
Mr. Gan Ker Wei ("**Mr. Gan**")	Interest in controlled corporation[4][5]	149,000,000 (L)	18.63%
Mrs. Ong Amy Lai Fong	Family interest[6]	149,000,000 (L)	18.63%
Upright Plan Limited ("**Upright Plan**")	Beneficial owner	78,000,000 (L)	9.75%
Champion Ascent Limited ("**Champion Ascent**")	Beneficial owner	71,000,000 (L)	8.88%
Mr. Chang Kin Man ("**Mr. Chang**")	Interest in controlled corporation[5]	71,000,000 (L)	8.88%
Mrs. Wong Ping Yuk	Family interest[7]	71,000,000 (L)	8.88%

Notes:

(1) The letter "L" denotes the person's long position in the relevant Shares.

(2) Mrs. Ng Yee Hoong is the spouse of Mr. Lee and is therefore deemed to be interested in all of the Shares held/owned by Mr. Lee (through RLDC Investment) by virtue of the SFO.

(3) Mrs. Dorothy Yeo Mong Yee is the spouse of Mr. Chin and is therefore deemed to be interested in all of the Shares held/owned by Mr. Chin (through RLDC Investment) by virtue of the SFO.

(4) The entire issued share capital of Upright Plan is legally and beneficially owned by Walgan Investment which in turn is held by Mr. Gan.

(5) The entire issued share capital of Champion Ascent is legally and beneficially owned by Mr. Chang as to 60% and Walgan Investment as to 40%; and Walgan Investment is wholly-owned by Mr. Gan.

(6) Mrs. Ong Amy Lai Fong is the spouse of Mr. Gan and is therefore deemed to be interested in all of the Shares held/owned by Mr. Gan (through Upright Plan and Champion Ascent) by virtue of the SFO.

(7) Mrs. Wong Ping Yuk is the spouse of Mr. Chang and is therefore deemed to be interested in all of the Shares held/owned by Mr. Chang (through Champion Ascent) by virtue of the SFO.

Save as disclosed above, as at 30 June 2017, 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 30 June 2017, there were a total of 80,000,000 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 six months ended 30 June 2017, 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 six months ended 30 June 2017.

COMPLIANCE ADVISER'S INTERESTS

As at 30 June 2017, neither Ample Capital Limited, the compliance adviser of the Company, nor any of its directors, employees or close associates has any interests in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) pursuant to Rule 6A.32 of the GEM Listing Rules.

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 six months ended 30 June 2017.

CHANGES IN INFORMATION OF THE DIRECTOR

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, changes in information of the Director are set out below:

Name of the Director	**Details of changes**
Mr. Lee Kwok Tung Louis	Appointed as an independent non-executive director of WINDMILL Group Limited (stock code: 8409) with effect from 27 March 2017 and China Singyes New Materials Holdings Limited (stock code: 8073) with effect from 23 June 2017, all of which are companies listed on the GEM of the Stock Exchange. Resigned as an independent non-executive director of Zhong Ao Home Group Limited (stock code: 1538) with effect from 5 July 2017, a company listed on the main board of the Stock Exchange.

CORPORATE GOVERNANCE CODE

The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. 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 and Chief Executive Officer, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communications with the shareholders of the Company.

To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code for the six months ended 30 June 2017.

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, Mr. Liew Weng Keat and Mr. Lee Kwok Tung Louis. Mr. Wong Siu Keung Joe was appointed to serve as 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 Interim 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
Lee Chooi Seng
Chairman

Hong Kong, 11 August 2017

As at the date of this announcement, the executive Directors are Mr. Lee Chooi Seng and Mr. Chin Seng Leong; the non-executive Director is Dato' Tan Yee Boon and the independent non-executive Directors are Mr. Lee Kwok Tung Louis, Mr. Liew Weng Keat and Mr. Wong Siu Keung Joe.

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.