

WORLDGATE GLOBAL LOGISTICS LTD

盛良物流有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8292

INTERIM REPORT 2024



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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 report, 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 report 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 report misleading.*



FINANCIAL HIGHLIGHTS

- The Group's total revenue amounted to approximately RM36.2 million for the six months ended 30 June 2024, decreased by approximately 29.0% as compared to that of the same period in 2023.
- The gross profit amounted to approximately RM2.2 million for the six months ended 30 June 2024, decreased by approximately 47.8% as compared to that of the same period in 2023.
- The Group recorded a net loss of approximately RM6.6 million for the six months ended 30 June 2024.
- The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024.





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 six months ended 30 June 2024 (the “**Interim Financial Statements**”) together with the comparative figures for the corresponding periods in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000
Revenue	4	36,202	50,989
Cost of sales		(33,980)	(46,730)
Gross profit		2,222	4,259
Other income and net gains		1,240	506
Share of loss from an associate		(611)	(320)
Selling and administrative expenses		(9,164)	(10,417)
Finance costs		(238)	(241)
Loss before income tax expense	5	(6,551)	(6,213)
Income tax expense	7	(37)	(43)
Loss for the period		(6,588)	(6,256)
Other comprehensive income/ (expenses):			
<i>Items that may be reclassified subsequently to profit or loss</i>			
– Exchange differences on translation foreign operations		(334)	791
Total comprehensive expenses for the period		(6,922)	(5,465)



	Notes	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000
(Loss)/profit for the period attributable to			
Owners of the Company		(6,404)	(6,369)
Non-controlling interests		(184)	113
		(6,588)	(6,256)
Total comprehensive expense for the period attributable to			
Owners of the Company		(6,744)	(5,578)
Non-controlling interests		(178)	113
		(6,922)	(5,465)
		RM	RM
Loss per share			
Basic and diluted loss per share	8	(1.01) sen	(1.01) sen





CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		As at 30 June 2024 (Unaudited) RM'000	As at 31 December 2023 (Audited) RM'000
	Notes		
Non-current assets			
Property, plant and equipment		3,093	2,011
Right-of-use assets		432	320
Interest in an associate		6,679	7,096
Financial assets at fair value through profit or loss		2,229	2,171
		12,433	11,598
Current assets			
Inventories		3,060	4,920
Trade and other receivables	9	18,793	19,819
Financial assets at fair value through profit or loss		306	306
Tax recoverable		101	151
Cash and bank balances		13,768	21,681
		36,028	46,877
Current liabilities			
Trade and other payables	10	12,904	14,737
Contract liabilities		106	46
Bank borrowings and overdrafts		3,380	3,876
Tax payables		128	19
Lease liabilities		862	1,301
		17,380	19,979
Net current assets		18,648	26,898
Total assets less current liabilities		31,081	38,496



	<i>Notes</i>	As at 30 June 2024 (Unaudited) RM'000	As at 31 December 2023 (Audited) RM'000
Non-current liabilities			
Bank borrowings		399	892
Lease liabilities		1,135	1,135
		1,534	2,027
Net assets		29,547	36,469
Capital and reserves			
Share capital	11	33,712	33,712
Reserves		(4,200)	2,544
Equity attributable to owners of the Company		29,512	36,256
Non-controlling interests		35	213
Total equity		29,547	36,469





CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

(Unaudited)

	Attributable to Owners of the Company					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Exchange reserve RM'000	Accumulated losses RM'000			
Balance at 1 January 2023	33,712	37,382	16,972	98	(35,031)	53,133	555	53,688
Loss for the period	-	-	-	-	(6,369)	(6,369)	113	(6,256)
Other comprehensive (expense)/ income for the period	-	-	-	791	-	791	-	791
Total comprehensive income/ (expense) for the period	-	-	-	791	(6,369)	(5,578)	113	(5,465)
Balance at 30 June 2023	33,712	37,382	16,972	889	(41,400)	47,555	668	48,223

(Unaudited)

	Attributable to Owners of the Company					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Exchange reserve RM'000	Accumulated losses RM'000			
Balance at 1 January 2024	33,712	37,382	16,972	3,623	(55,433)	36,256	213	36,469
Loss for the period	-	-	-	-	(6,404)	(6,404)	(184)	(6,588)
Other comprehensive (expense)/ income for the period	-	-	-	(340)	-	(340)	6	(334)
Total comprehensive income/ (expense) for the period	-	-	-	(340)	(6,404)	(6,744)	(178)	(6,922)
Balance at 30 June 2024	33,712	37,382	16,972	3,283	(61,837)	29,512	35	29,547



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000
Net cash used in operating activities	(4,997)	(771)
Cash flows from investing activities		
Purchases of property, plant and equipment	(1,733)	(220)
Interest received by subsidiaries	73	79
Interest received by holding company	287	304
Proceed from disposal of property, plant and equipment	4	-
Net cash (used in)/generated from investing activities	(1,369)	163
Cash flows from financing activities		
Raise of new loans	2,886	-
Repayment of bank borrowings	(3,810)	(879)
Repayment of lease liabilities	(439)	(797)
Interest paid on bank overdrafts	(22)	(2)
Interest paid on bank borrowings	(130)	(140)
Interest paid on lease liabilities	(86)	(99)
Net cash used in financing activities	(1,601)	(1,917)
Net decrease in cash and cash equivalents	(7,967)	(2,525)
Cash and cash equivalents at beginning of period	21,681	27,583
Effects of exchange rate changes	(340)	791
Cash and cash equivalents at end of period	13,374	25,849
Represented by:		
Cash and bank balances	13,768	25,849
Bank overdrafts	(394)	-
	13,374	25,849





NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

1. Corporate Information

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, Malaysia and Vietnam are located at Unit 5D, 5/F, Hang Cheong Factory Building, No. 1 Wing Ming Street, Kowloon, Hong Kong, No. 42, Jalan Puteri 2/2, Bandar Puteri Puchong, 47100 Puchong, Selangor Darul Ehsan, Malaysia, and Lot 6, Dien Nam – Dien Ngoc Industrial Zone, Dien Ngoc Ward, Dien Ban Township, Quang Nam Province, Vietnam, respectively.

The Company is an investment holding company and the principal activities of its subsidiaries (together with the Company, collectively referred to as the "**Group**") are 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 in Malaysia and Hong Kong, trading of used mobile phones in Hong Kong 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 Interim Financial Statements are consistent with those adopted in the annual report for the year ended 31 December 2023 (the "**2023 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 2024. 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 Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the 2023 Annual Report.



3. Segment Information

(a) Business segment

The Group determines its operating segments based on the reports reviewed by the Group's Chief Operating Decision-Maker ("CODM"), being the executive directors of the Company, that are used to make strategic decisions.

The Group has three 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:

	Six months ended 30 June	
	2024	2023
	(Unaudited) RM'000	(Unaudited) RM'000
Freight forwarding and related services	16,072	12,811
Manufacturing and trading of plastic product	12,578	8,946
Trading of used mobile phones	7,552	29,232
	36,202	50,989

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)/profit, which is measure of adjusted loss before taxation. The adjusted loss before taxation is measured consistently with the Group's loss before taxation except the head office and corporate expenses are excluded from such measurement.





3. Segment Information (Continued)

(a) Business segment (Continued)

For the six months ended 30 June

	Freight forwarding and related services		Manufacturing and trading of plastic product		Trading of used mobile phones		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customer	16,072	12,811	12,578	8,946	7,552	29,232	36,202	50,989
Reportable segment (loss)/profit	(1,621)	(3,055)	(376)	(222)	(3,360)	1,695	(5,357)	(1,582)
Interest income	72	79	1	-	-	-	73	79
Finance costs	(121)	(143)	(117)	(98)	-	-	(238)	(241)
Depreciation of property, plant and equipment and right-of-use assets	(704)	(786)	(507)	(453)	(160)	(253)	(1,371)	(1,492)
Taxation	(37)	(43)	-	-	-	-	(37)	(43)

(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.

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Malaysia (place of domicile)	16,072	12,811
The People's Republic of China ("PRC") including Hong Kong	7,552	29,232
Vietnam	12,578	8,946
	36,202	50,989



4. Revenue

	Six months ended 30 June	
	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000
Services under freight forwarding and related service segment being transferred over time:		
Air freight forwarding and related services	4,240	3,844
Sea freight forwarding and related services	10,770	8,393
Trading of used mobile phones	7,552	29,232
Trucking and warehouse and related services	1,062	574
	23,624	42,043
Goods under manufacturing and trading of plastic products segment being transferred at a point of time:		
Manufacturing and trading of plastic products	12,578	8,946
	36,202	50,989





5. Loss before Income Tax Expense

	Six months ended 30 June	
	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000
Loss before income tax expense is arrived at after charging:		
Depreciation of property, plant and equipment:		
– owned	791	869
– rights-of-use assets	585	623
Employee costs (including director's remuneration)	6,680	6,165
Finance costs		
– bank overdrafts	22	2
– bank borrowings	130	124
– finance lease	–	16
– lease liabilities	86	99

6. Dividends

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024 (2023: nil).



7. Income Tax Expense

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

	Six months ended 30 June	
	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000
Current tax		
Malaysia income tax		
– charge for the period	37	43
Vietnam income tax		
– charge for the period	–	–
Hong Kong profits tax		
– charge for the period	–	–
Deferred tax		
– charge for the period	–	–
Income tax expense	37	43

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is not subject to income tax in the Cayman Islands.

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity are taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% (2023: 16.5%) of the estimated assessable profit for both years.

Malaysia income tax is calculated at the statutory rate of 24% (2023: 24%) of the estimated taxable profit for the year. Certain subsidiaries incorporated in Malaysia enjoy tax rate of 17% (2023: 17%) on the first RM500,000 and remaining balance of the estimated taxable profit at tax rate of 24% (2023: 24%).

Vietnam income tax is calculated at the statutory rate of 20% (2023: 20%) of the estimated taxable profits for the year. No provision for Vietnam income tax has been made as the Group did not generate assessable profits for the periods ended 30 June 2024 and 2023.

No provision for Hong Kong Profits tax has been made as the Group did not generate assessable profits for the periods ended 30 June 2024 and 2023.





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:

	Six months ended 30 June	
	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000
Loss		
Loss for the period attributable to owners of the Company	6,404	6,369
	Number of shares	
Shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per shares in issue during the period	633,600,000	633,600,000

- (i) Pursuant to the extraordinary general meeting held on 18 January 2021, the shareholders approved the increase in authorised share capital of the Company from HK\$10,000,000 divided into 1,000,000,000 shares with par value of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 shares with par value of HK\$0.01 each.
- (ii) Pursuant to the extraordinary general meeting held on 18 January 2021, the shareholders approved the consolidation of the Company's share by 10 shares into 1 share. After the share consolidated become effective, the authorised share capital of the Company became HK\$100,000,000 divided into 1,000,000,000 consolidated shares of HK\$0.1 each, of which 100,000,000 consolidated shares was in issue, which were fully paid or credited as fully paid.
- (iii) On 17 November 2020, the Group 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. On 28 January 2021, the acquisition was completed. An aggregate of 20,000,000 shares was allotted and issued by the Company at the issue price of HK\$0.33 each for the settlement of the consideration.



8. Loss per Share (Continued)

- (iv) On 26 February 2021, the Group and a placing agent ("**Placing Agent A**") entered into the placing agreement pursuant to which the Company appointed the Placing Agent A 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 A 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.

- (v) On 31 May 2021, the Group and a placing agent ("**Placing Agent B**") entered into the placing agreement pursuant to which the Company appointed the Placing Agent B to place, subject to the fulfillment of the condition precedent to the placing, a maximum of 26,400,000 placing shares to not less than six independent placees at a price of HK\$0.15 per placing share. The placing was completed on 22 June 2021.

The net proceeds from the placing, after deducting the placing commission payable to the Placing Agent B and other expenses incurred in the placing, are approximately HK\$3,800,000. The Company intends to apply all the net proceeds for general working capital of the Group.

- (vi) On 3 September 2021, the Company announced a proposed rights issue (the "**Rights Issue**") of no more than 475,200,000 new ordinary share of HK\$0.10 each in the share capital of the Company ("**Rights Shares**") at the subscription price of HK\$0.11 per Rights Share on the basis of three Rights Shares for every one existing share of the Company held by the shareholders on the record date.

Upon the Rights Issue was approved by shareholders' resolution passed at an extraordinary general meeting on 24 September 2021 and completion of the Rights Issue on 9 November 2021, a total of one valid application and acceptance in respect of a total of 175,503,151 Rights Shares was received and the remaining 299,696,849 unsubscribed Rights Shares were placed to not less than six independent placees at a price of HK\$0.11 per placing share. The net proceeds raised from the Rights Issue were approximately HK\$51,942,000.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

The weighted average number of ordinary shares used for the purposes of calculating basic loss per share for the six months ended 30 June 2024 is 633,600,000 (2023: 633,600,000).

Diluted loss per share are same as the basic loss per share as the Group had no dilutive potential ordinary shares during the six months ended 30 June 2024 and 2023.





9. Trade and Other Receivables

The average credit period granted to trade debtors ranging from 30–120 days from the invoice date.

	As at 30 June 2024 (Unaudited) RM'000	As at 31 December 2023 (Audited) RM'000
Trade receivables arising from contract with customers	19,438	20,816
Less: Allowance for credit losses	(6,953)	(6,798)
	12,485	14,018
Deposits, prepayment and other receivables	6,308	5,801
	18,793	19,819

The following is an ageing analysis of the trade receivables presented based on the invoice date:

	As at 30 June 2024 (Unaudited) RM'000	As at 31 December 2023 (Audited) RM'000
Within 1 month	7,330	9,637
1–2 months	3,449	1,830
2–3 months	673	565
Over 3 months	7,986	8,784
	19,438	20,816

At the end of each of the reporting periods, the Group reviews trade receivables for evidence of impairment on both individual and collective basis. The Group did not hold any collateral as security or other credit enhancement over the trade receivables.



10. Trade and Other 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 end of reporting period is as follow:

	As at 30 June 2024 (Unaudited) RM'000	As at 31 December 2023 (Audited) RM'000
Within 1 month	2,390	3,921
1 to 2 months	1,571	2,144
2 to 3 months	696	478
More than 3 months but less than 12 months	5,218	5,299
	9,875	11,842
Accruals and other payables	3,029	2,895
	12,904	14,737
Total trade and other payables	12,904	14,737





11. Share Capital

	Number of shares	Amount HK\$'000	Amount RM'000
Authorised:			
Ordinary shares of HK\$0.1 each as at			
1 January 2023, 31 December 2023,			
1 January 2024 and 30 June 2024	1,000,000,000	100,000	53,540
Issued and fully paid:			
As at 1 January 2023, 31 December 2023,			
1 January 2024 and 30 June 2024	633,600,000	63,360	33,712

12. Related Party Transactions

The remuneration of directors and other members of key management were as follows:

	Six months ended 30 June	
	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000
Wages and salaries	983	1,148
Contributions to retirement benefits schemes	65	92
	1,048	1,240



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 and 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 six months ended 30 June 2024, 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) trucking and warehousing and related services.

1. Air Freight Forwarding and Related Services

The revenue from the air freight services accounted for approximately RM4.2 million and RM3.8 million for the six months ended 30 June 2024 and 2023, respectively. As the global buying power increased during the period and thus air freight services revenue slightly increased by approximately 10.3%. 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 2024 and 2023 is set out in the table as below:

	Six months ended 30 June	
	2024	2023
	'000 kg	'000 kg
Air freight shipment volume		
(a) Export	971	1,019
(b) Import	791	440



2. *Sea Freight Forwarding and Related Services*

The revenue from the sea freight services accounted for approximately RM10.8 million and RM8.4 million for the six months ended 30 June 2024 and 2023, respectively. During the period, the global buying power increased, revenue from sea freight services increased of approximately RM2.4 million when compared with last year. 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 2024 and 2023 is set out in the table as below:

	Six months ended 30 June	
	2024	2023
	TEU	TEU
Sea freight shipment volume		
(a) Export	2,404	2,053
(b) Import	2,123	1,796

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 RM1.1 million and RM0.6 million for the six months ended 30 June 2024 and 2023, 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 six months ended 30 June 2024 (2023: less than 1%).

Manufacturing and Trading of Plastic Products

Revenue from manufacturing and trading of plastic products mainly consisted of (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.

The revenue from manufacturing and trading of plastic products accounted for approximately RM12.6 million and RM8.9 million for the six months ended 30 June 2024 and 2023 respectively, representing approximately 34.8% (2023: 17.5%) of total revenue.

Trading of Used Mobile Phones Business

During the six months ended 30 June 2024, the Group recorded a revenue from the trading of used mobile phones of approximately RM7.6 million (2023: RM29.2 million), representing approximately 20.9% of our total revenue. The segment loss before taxation was approximately RM3.4 million (2023: segment profit RM1.7 million). The Board is of the view that the trading of used mobile phones will diversify the income stream of the Company and broaden its revenue base on logistic services.

Future Prospects and Outlook

The Group aims to strengthen its position as an integrated logistics solutions service provider in both Hong Kong and Malaysia. The Directors believe that an optimistic outlook on the resilience of the industry and the robustness of its own business. The market has endured its trough, and the Group has largely overcome the major challenges it previously encountered, gradually setting itself on the right track and is prepared to forge ahead. In the upcoming year, the Group will remain committed to the strategic objectives that it set previously, focusing on sustainable development, and operational excellence, while continuously optimizing corporate assets and financial health. In terms of market positioning, we aim to strengthen our competitive position and seize emerging market opportunities through focusing on our advantages, and believe that the Group will emerge stronger from the current challenges and deliver long-term value to our shareholders.





Besides, the Group has expanded the logistics business in Hong Kong which has the advantages over China and target to explore the business opportunities with China 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 and trading of used mobile phones 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 RM16.1 million and RM12.8 million for the six months ended 30 June 2024 and 2023, respectively. For the six months ended 30 June 2024, approximately 26.3% and 67.0% of the Group's integrated logistics services revenue was attributable to air freight forwarding and sea freight services, respectively. For the six months ended 30 June 2023, approximately 30.0% and 65.5% 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 six months ended 30 June 2024 increased by approximately 25.5% or approximately RM3.3 million as compared to that of the same period in 2023. The increase was mainly due to revenue from sea freight forwarding increase approximately RM2.4 million as compared with the last period.

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 revenue, the cost of sales increased by approximately 34.0% from RM12.3 million for the six months ended 30 June 2023 to RM16.5 million for the six months ended 30 June 2024.



Gross Profit and Gross Profit Margin

As the freight forwarding industry in Malaysia is highly fragmented and competitive, the gross profit decrease by approximately 49.8% from RM1.5 million for the six months ended 30 June 2023 to RM0.8 million for the six months ended 30 June 2024.

Manufacturing and Trading of Plastic Products

Revenue

The Group's total revenue from manufacturing and trading of plastic products amounted to approximately RM12.6 million for the six months ended 30 June 2024 (2023: RM8.9 million).

Cost of Sales

For the manufacturing and trading of plastic products, the cost of sales amounted to approximately RM11.5 million for the six months ended 30 June 2024 (2023: RM7.9 million).

Gross Profit and Gross Profit Margin

The gross profit of the manufacturing and trading of plastic products amounted to approximately RM1.1 million (2023: RM1.0 million) and the gross profit margin is approximately 8.7% (2023: 11.6%) for the six months ended 30 June 2024.

Trading of Used Mobile Phones

Revenue

The Group's total revenue from the trading of used mobile phones amounted to approximately RM7.6 million for the six months ended 30 June 2024 (2023: RM29.2 million).

Cost of Sales

For the trading of used mobile phones, the cost of sales amounted to approximately RM7.2 million (2023: RM27.5 million).

Gross Profit and Gross Profit Margin

The gross profit of the trading of used mobile phones amounted to approximately RM0.4 million (2023: RM1.7 million) and the gross profit margin is approximately 4.7% (2023: 5.8%) for the six months ended 30 June 2024.

Selling and Administrative Expenses

The administrative expenses were approximately RM9.2 million for the six months ended 30 June 2024 (2023: RM10.4 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 six months ended 30 June 2024 and 2023, financial cost amounted to approximately RM238,000 and RM241,000, respectively.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2024,

- (a) the Group's net current assets was approximately RM18.7 million (31 December 2023: RM26.9 million) and the Group had cash and cash equivalents of approximately RM13.8 million (31 December 2023: RM21.7 million);
- (b) the Group had bank borrowings and lease liabilities of approximately RM3.8 million (31 December 2023: RM4.8 million) and RM2.0 million (31 December 2023: RM2.4 million);
- (c) the Group's current ratio was approximately 2.1 times (31 December 2023: 2.4 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 19.6% (31 December 2023: 19.8%); and
- (d) the Group's total equity attributable to owners of the Company amounted to RM29.5 million (31 December 2023: RM36.3 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 2024 (2023: nil).

Contingent Liabilities

As at 30 June 2024, the Group has bank guarantees of RM383,000 of the Group (31 December 2023: RM383,000) were issued to suppliers for operational requirements.

Pledge of Assets

As at 30 June 2024, the Group's freehold land, buildings and plant and machinery with carrying amount before impairment of RM910,000 (31 December 2023: RM910,000), RM490,000 (31 December 2023: RM490,000) and RM2,763,000 (31 December 2023: RM2,763,000) respectively, were pledged to secure the bank borrowings granted to the Group by licensed banks.



Capital Commitments

As at 30 June 2024, the Group did not have any significant capital commitments related to purchase of property, plant and equipment.

Material Acquisitions and Disposals of Subsidiaries

As at 30 June 2024, the Group did not have any material acquisitions and disposals of subsidiaries.

Significant Investments Held by the Group

As at 30 June 2024, there was no significant investment held by the Group.

Future Plan for Material Investments and Capital Assets

Save as disclosed in this interim report, as at 30 June 2024, the Group did not have future plan for material investments and capital assets.

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 and EUR, quotes from suppliers are usually made in USD and EUR for shipping cargo space. Normally, the Group's receipt in USD and EUR is more than its payment in USD and EUR. In other words, the Group is accumulating USD and EUR. 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 2024 and 31 December 2023, the Group did not enter into any significant 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 344 and 380 full-time employees as at 30 June 2024 and 31 December 2023 respectively. The total employee remuneration including remuneration of the Directors for the six months ended 30 June 2024 amounted to RM6.7 million (31 December 2023: RM16.6 million). The Group recognizes 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.





Use of Proceeds for Share Placings

Rights Issue

On 9 November 2021, the Company approved and implemented the rights issue on the basis of three Rights Shares for every one existing Share at the Subscription Price of HK\$0.11 per Rights Share (the “**Rights Issue**”), to raise up to approximately HK\$51.9 million (net of expenses) by issuing up to 475,200,000 Rights Shares to the Qualifying Shareholders. The planned use of proceeds was solely for working capital for the expansion of logistics services in Hong Kong.

On 5 January 2023, the Board considers that it would be in the interests of the Company and its shareholders as a whole to change of the use of proceeds by reallocating approximately HK\$26.1 million which was originally allocated for the expansion of logistics services business in Hong Kong towards HK\$19.1 million as working capital and HK\$7.0 million as investment purpose.

	Planned used of net proceeds as stated in the circular HK\$'000	Changed use of net proceeds		Remaining balance after revised use of proceeds HK\$'000	Expected timeline of fully utilization of the balance
		as stated in the announcement dated 5 January 2023 HK\$'000	Actual use of proceeds up to 30 June 2024 HK\$'000		
Working capital for the expansion of logistics service in Hong Kong	51,942.0	25,875.2	25,875.2	-	
Working Capital	-	19,066.8	19,066.8	-	
Investment purpose	-	7,000.0	2,000.0	5,000.0	December 2024
	51,942.0	51,942.0	46,942.0	5,000.0	



The analysis of the actual use of net proceeds as at 30 June 2024 are set out below:

	RM Equivalent '000	HK\$'000
1. Postage and courier charges	2,836.1	4,822.3
2. Administrative expenses	2,367.8	4,016.9
3. Salary	8,099.2	13,750.8
4. Professional fee	3,278.3	5,551.4
5. Logistics services	8,850.0	15,000.0
6. Repair and maintenance	1,058.9	1,800.6
7. Investment	1,208.2	2,000.0
Total	27,698.5	46,942.0

The unused balance with the amount of approximately HK\$5,000,000 is placed with reputable banks as the Group's bank deposits.

Joint Venture Collaboration with Shuifa Huaxia

On 25 January 2022, the Company entered into a non-legally binding memorandum of understanding (the “**MOU**”) with Shuifa Huaxia Group Co., Ltd. (水發華夏集團有限公司) (“**Shuifa Huaxia**”) in relation to the collaboration for the establishment of a joint venture company (the “**JV Company**”) for the development of projects (the “**JV Collaboration**”). The parties confirmed that following the signing of the MOU, the preparation for the establishment of the JV Company may proceed until formal registration of the JV Company. A formal joint venture agreement (the “**JV Agreement**”) will be entered into based on the terms of the MOU and the actual development of projects. The parties aim to leverage and evolve around their respective core competencies to set up the JV Company to develop projects. Pursuant to the MOU, the Company will be responsible for introducing investors for project financing, custodian services for project investment funds and provision of financial advice in relation to project financing, and Shuifa Huaxia will leverage its competitive advantage as a state-owned enterprise to bring in and promote projects.

While the Company and Shuifa Huaxia are preparing to set up a joint venture company, Shuifa Group Co., Ltd. (水發集團有限公司) (“**Shuifa Group**”), the parent company of Shuifa Huaxia has presented a solar power plant project to the Company for consideration and evaluation pursuant to the collaboration contemplated under the MOU. Details of the transaction were disclosed in the Company's announcements dated 25 January 2022, 10 February 2022 and 13 February 2023.

Up to the date of these financial statements, no definitive agreements had been entered into in respect of the joint venture collaboration under the MOU.





Joint Venture Establishment with Suiyong Int'l

The Company is in advanced discussions to establish a joint venture (the “**Joint Venture**”) with Suiyong Int'l Co., Limited (穗甬國際有限公司) (“**Suiyong Int'l**”), a company incorporated in Hong Kong with limited liability. It is intended that the Joint Venture will be established by the Company and Suiyong Int'l with a shareholding ratio of 51:49, respectively, and that the Joint Venture will become the general partner of a limited partnership fund (“**LPF**”) to be set up in accordance with the Limited Partnership Fund Ordinance (Chapter 637 of the Laws of Hong Kong). The parties intend that the LPF will mainly be engaged in the investment in the field of green energy and environmental protection, including asset-backed securities of green energy projects, such as projects developed pursuant to the Company's collaboration with Shuifa Huaxia. Details of the transaction were disclosed in the Company's announcements dated 13 April 2022.

Up to the date of approval of these financial statements, the proposed establishment of the Joint Venture is still under process and subject to all the necessary regulatory approvals being obtained. Therefore the Joint Venture may or may not be established.

Strategic Cooperation Agreement with Zhongwei Supply Chain

On 5 January 2023, the Company entered into a strategic cooperation agreement with Zhongwei Supply Chain Co. Limited (中為供應鏈有限公司) (“**Zhongwei Supply Chain**”) in respect of cooperating in the supply chain business which includes but not limited to broad supply chain business, depth supply chain business and supply chain finance business (“**Supply Chain Businesses**”). With strength in logistics services, extensive logistics network, standardized management and service system, global customers confide in the Company. The Board believes that the strategic cooperation with Zhongwei Supply Chain will propel the Company in the supply chain industry. Details of the transaction were disclosed in the Company's announcements dated 5 January 2023.

Up to the date of approval of these financial statements, the Company and Zhongwei Supply Chain are yet to enter into any definitive agreement.

Change in Use of Proceeds from Rights Issue

Reference is made to the Company's announcement dated 5 January 2023, the Board considers that since the completion of the Rights Issue, events had occurred in Hong Kong that the Board could not have anticipated at the time of the Rights Issue, the Company has been exploring investment and business cooperation opportunities to create value for the Company and its shareholders in a long-term and sustainable manner and has entered into memorandum of understanding with various business parties in relation to such. In view of the foregoing and upon review of the Group's operation needs, business segments and their future prospects, the Board considers that it would be in the interests of the Company and its shareholders as a whole to change of the use of proceeds by reallocating of approximately HK\$26.1 million, which was originally allocated for working capital for the expansion of logistics services business in Hong Kong towards general working capital and investment purpose.



OTHER INFORMATION

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

As at 30 June 2024, none of the Directors and the chief executives of the Company has any interest or short positions 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 to be notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors.

Substantial Shareholders' Interests and Other Persons' Interests and Short Positions in the Shares and Underlying Shares of the Company

As at 30 June 2024, 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⁾	Approximate percentage to the issued share capital of the Company ⁽³⁾
Win All Management Limited (“Win All”)	Person having a security interest in Shares ⁽²⁾	188,360,000 (L)	29.73%
Mr. Ng Hang Fai, Calvin (“Mr. Ng”)	Interest in controlled corporation ⁽²⁾	188,360,000 (L)	29.73%





Notes:

- (1) The letter "L" denotes the person's long position in the relevant Shares.
- (2) Mr. Ng has 100% of direct interest in Win All. Therefore, Mr. Ng is deemed to be interested in 188,360,000 Shares held by Win All.
- (3) As at 30 June 2024, the issued share capital of the Company was 633,600,000 Shares.

Save as disclosed above, as at 30 June 2024, 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 ("**Share Option Scheme**") which was approved 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 2024, there were a total of 8,000,000 Shares, representing 1.26% 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 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed 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 2024.

Directors' Securities Transactions

The Company has adopted a code of conduct regarding directors' securities transaction on terms no less exacting than the required standard of dealings set out in 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 2024.

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 has complied with the code provisions set out in Part 2 of Appendix C1 of the Corporate Governance Code (the "**CG Code**") of the GEM Listing Rules. Throughout the six months ended 30 June 2024, the Company has complied with all applicable code provisions as set out in the CG Code.





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 C1 to the GEM Listing Rules. The Audit Committee comprises all independent non-executive Directors: Ms. Wong Hoi Yan, Audrey, Mr. Ma Kin Hung and Ms. Cheung Choi Hung. Ms. Wong Hoi Yan, Audrey 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 Interim Financial Statements have not been audited by the Company’s auditor, but have been reviewed by the Audit Committee, which was of the opinion that the preparation of the Interim Financial Statements complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

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

Hong Kong, 19 August 2024

