



WORLDGATE GLOBAL LOGISTICS LTD

盛良物流有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8292

2016

Third Quarterly Report

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

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*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 RM56.8 million for the nine months ended 30 September 2016, increased by approximately 1.6% as compared to that of the same period in 2015.
- The gross profit amounted to approximately RM12.7 million for the nine months ended 30 September 2016, decreased by approximately 18.7% as compared to that of the same period in 2015.
- The Group recorded a net loss of approximately RM4.6 million for the nine months ended 30 September 2016. The net loss for the period was mainly due to the recognition of the one-off listing expenses of approximately RM6.6 million and increase in administrative expenses.
- The Board does not recommend the payment of interim dividend for the nine months ended 30 September 2016.

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 nine months ended 30 September 2016 (the “**Third Quarterly Financial Statements**”) together with the comparative figures for the corresponding periods in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2016

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2016 (Unaudited) RM	2015 (Unaudited) RM	2016 (Unaudited) RM	2015 (Unaudited) RM
Revenue	4	23,370,192	26,474,509	56,802,487	55,890,012
Cost of sales		(18,126,257)	(18,479,932)	(44,135,035)	(40,300,656)
Gross profit		5,243,935	7,994,577	12,667,452	15,589,356
Other revenue		87,223	363,107	355,770	955,190
Administrative expenses		(3,290,947)	(2,356,567)	(16,001,969)	(7,873,572)
Finance costs		(241,723)	(247,229)	(762,908)	(583,141)
Profit/(loss) before income tax expense	5	1,798,488	5,753,888	(3,741,655)	8,087,833
Income tax expense	7	(347,003)	(1,491,963)	(906,939)	(2,224,482)
Profit/(loss) for the period		1,451,485	4,261,925	(4,648,594)	5,863,351
Other comprehensive income: <i>Items that may be reclassified subsequently to profit or loss</i>					
— Exchange differences on translation to profit or loss		593,076	—	159,289	—
Total comprehensive income for the period		2,044,561	4,261,925	(4,489,305)	5,863,351
Earnings/(loss) per share attributable to owners of the Company during the period					
Basic and diluted earnings/(loss) per share	8	0.18 sen	0.71 sen	(0.70) sen	0.98 sen

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2016

	Share capital RM	Share premium RM	Merger reserve RM	Exchange reserve RM	(Accumulated loss)/retained earnings RM	Total RM
Nine months ended 30 September 2016 (unaudited)						
At 1 January 2016	7,000,429	9,972,288	—	(2,308)	13,334,838	30,305,247
Loss for the period	—	—	—	—	(4,648,594)	(4,648,594)
Other comprehensive income	—	—	—	159,289	—	159,289
Total comprehensive income	—	—	—	159,289	(4,648,594)	(4,489,305)
Dividends declared and paid (note 6)	—	—	—	—	(12,000,000)	(12,000,000)
Reorganisation (note i)	(7,000,429)	(9,972,288)	16,972,717	—	—	—
Issue of ordinary share for re-organisation and placing (note i and ii)	1,038,561	35,311,445	—	—	—	36,350,006
Transaction costs attributable to issue of new shares	—	(2,770,648)	—	—	—	(2,770,648)
Capitalisation issue (note ii)	3,115,679	(3,115,679)	—	—	—	—
At 30 September 2016	4,154,240	29,425,118	16,972,717	156,981	(3,313,756)	47,395,300
Nine months ended 30 September 2015 (unaudited)						
At 1 January 2015	7,000,000	—	—	—	9,508,796	16,508,796
Profit for the period	—	—	—	—	5,863,351	5,863,351
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	5,863,351	5,863,351
At 30 September 2015	7,000,000	—	—	—	15,372,147	22,372,147

Notes:

- i. (a) The share capital balance as at 1 January 2015 and 30 September 2015 represented the issued share capital of its subsidiaries, Worldgate Express Services Sdn. Bhd., My Forwarder International Sdn. Bhd. and Freight Transport Network Sdn. Bhd. as at that date.

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.

- (b) The Company was incorporated on 18 February 2016 with authorised share capital of 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 1 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.
 - (c) 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. Any difference arising there from has been dealt with in merger reserve.
- ii. (a) 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 (the "Placing").
 - (b) 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 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 (the "Capitalisation Issue").

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. Its principal place of business is located at No. 42, Jalan Puteri 2/2 Bandar Puteri Puchong, 47100 Puchong, Selangor Darul Ehsan, Malaysia.

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 of the Company (the "Reorganisation") in connection with the listing of shares of the Company on the GEM (the "Listing"), the Company has become the holding company of its subsidiaries now comprising the Group since 17 June 2016. The shares of the Company were listed on the GEM on 6 July 2016 (the "Listing Date"). Details of the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure" to the prospectus of the Company dated 28 June 2016 (the "Prospectus").

The condensed consolidated financial statements of the Group for the nine months ended 30 September 2016 which have not been audited were approved for issue by the Board on 11 November 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 2015 ("2015 Financial Statements") set out in Appendix I to the Prospectus which have been prepared in accordance with the accounting policies which conforms to the HKFRSs.

The unaudited condensed financial statements have been prepared in accordance with the same accounting policies and methods of computation as adopted by the Group in the 2015 Financial Statements except for the adoption of new accounting policies as a result of the completion of the Reorganisation, the details of which have been set out in note (i), and as a result of applying the new or revised HKFRSs as set out in note (ii) below.

2. Basis of Preparation and Accounting Policies (Continued)

(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 in the 2015 Financial Statements. 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 unrealised 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 2016. 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 or 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.

HKFRS 9 (2014)	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ²
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers ¹

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 differ 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 2015 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 its 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 September		Nine months ended 30 September	
	2016 (Unaudited) RM	2015 (Unaudited) RM	2016 (Unaudited) RM	2015 (Unaudited) RM
Customer I	8,551,271	12,706,185	17,118,977	18,014,816
Customer II	3,821,414	4,963,242	10,104,904	9,604,155

4. Revenue

	Three months ended 30 September		Nine months ended 30 September	
	2016 (Unaudited) RM	2015 (Unaudited) RM	2016 (Unaudited) RM	2015 (Unaudited) RM
Air freight forwarding and related services	12,784,614	16,891,709	31,654,350	29,570,627
Sea freight forwarding and related services	9,630,224	8,498,693	22,857,413	23,994,605
Trucking and warehouse and related services	955,354	1,084,107	2,290,724	2,324,780
	23,370,192	26,474,509	56,802,487	55,890,012

5. Profit/(Loss) Before Income Tax Expense

	Three months ended		Nine months ended	
	30 September		30 September	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM	RM	RM	RM
Profit/(loss) before income tax expense is arrived at after charging:				
Depreciation of property, plant and equipment:				
— owned	241,355	78,247	677,553	321,171
— held under finance leases	456,284	498,788	1,210,601	1,335,867
Employee costs (including director's remuneration)	3,287,829	1,526,126	7,805,771	5,379,321
Listing expenses	—	—	6,645,023	—
Finance costs				
— bank overdrafts	16,963	29,393	82,033	81,086
— bank borrowings	193,558	144,813	586,593	417,191
— finance lease	31,202	73,023	94,282	84,864

6. Dividends

No dividend was paid or proposed by the Company since its incorporation, nor has any dividend been proposed since the end of reporting period and up to the date of the report. During the nine months ended 30 September 2016 and prior to the Listing, the directors of certain subsidiaries had declared and paid final dividends amounting to RM12,000,000 in aggregate.

The Directors do not recommend a payment of an interim dividend for the nine months ended 30 September 2016.

7. Income Tax Expense

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

	Three months ended 30 September		Nine months ended 30 September	
	2016 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2015 (Unaudited)
	RM	RM	RM	RM
Current tax — Malaysia income tax — charge for the period	347,003	1,491,963	931,372	2,021,961
Deferred tax — charge for the period	—	—	(24,433)	202,521
Income tax expense	347,003	1,491,963	906,939	2,224,482

Malaysian income tax is calculated at the statutory rate of 24% (2015: 25%) of the estimated taxable profit for the period. Certain subsidiaries incorporated in Malaysia enjoy tax rate of 19% (2015: 20%) on the first RM500,000 and remaining balance of the estimated taxable profit at tax rate of 24% (2015: 25%).

No provision for Hong Kong profits tax has been made as the Group had no taxable profits arising in Hong Kong for nine months ended 30 September 2015 and 2016.

8. Earnings/(Loss) per Share

The calculation of earnings/(loss) per share is based on the earning 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 earnings/(loss) per share is based on the following information:

	Three months ended		Nine months ended	
	30 September		30 September	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM	RM	RM	RM
Earnings				
Profit/(loss) for the period attributable to owners of the Company	1,451,485	4,261,925	(4,648,594)	5,863,351
Shares				
Weighted average number of ordinary shares in issue during the period	791,304,348	600,000,000	664,233,577	600,000,000

The calculation of the weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings/(loss) per share for the periods has been determined based on the assumption that the Capitalisation Issue as described in the Prospectus that are deemed to have become effective on 1 January 2015.

Diluted earnings/(loss) per share are same as the basic earnings/(loss) per share as there are no dilutive potential ordinary shares in existence during the periods.

MANAGEMENT DISCUSSION AND ANALYSIS

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 shares of Company were successfully listed on GEM on 6 July 2016 by way of Placing. The Directors believe that the Listing will assist the implementation of the Group's business strategies as stated in the Prospectus. The net proceeds from the Placing will provide financial resources to the Group to meet and achieve such business opportunities and strategies which will further strengthen the Group's market position in Malaysia. Moreover, a public listing status will also enhance the Group's corporate profile and assist in reinforcing its brand awareness and market reputation.

Business Review

The Group is an integrated logistics solution provider in Malaysia. The Group offers a range of logistics services to meet its customers' supply chain needs. These 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 RM31.7 million and RM29.6 million for the nine months ended 30 September 2016 and 2015, respectively. Revenue from air freight services mainly consists of fee of import and 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 for the nine months ended 30 September 2016 and 2015 is set out in the table as below:

	For the nine months ended 30 September	
	2016 '000 kg	2015 '000 kg
Air freight shipment volume		
(a) Export	1,924	1,628
(b) Import	2,787	2,054

2. Sea Freight Forwarding and Related Services

The revenue from the sea freight services accounted for approximately RM22.9 million and RM24.0 million for the nine months ended 30 September 2016 and 2015, respectively. Revenue from sea freight services mainly consists of fee of import and 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 for the nine months ended 30 September 2016 and 2015 is set out in the table as below:

	For the nine months ended 30 September	
	2016	2015
	TEU	TEU
Sea freight shipment volume		
(a) Export	4,405	4,850
(b) Import	5,267	5,014

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.

Revenue from the trucking services which does not involve air freight or sea freight accounted for approximately RM2.3 million and RM2.3 million for the nine months ended 30 September 2016 and 2015, 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.

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 the 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 RM56.8 million and RM55.9 million for the nine months ended 30 September 2016 and 2015, respectively. Majority of the Group's income was attributable to freight charges for the nine months ended 30 September 2016 and 2015. For the nine months ended 30 September 2016, approximately 55.7% and 40.2% of the Group's revenue was attributable to air freight services and sea freight services, respectively. For the nine months ended 30 September 2015, approximately 52.9% and 42.9% of the Group's turnover was attributable to air freight service and sea freight service, respectively.

Revenue for the nine months ended 30 September 2016 increased by approximately 1.6% or approximately RM0.9 million as compared to that of the same period in 2015, as a result of the increase in air freight shipment volume, which is partially offset by the decrease in the 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 nine months ended 30 September 2016 increased by approximately 9.5% or RM3.8 million as compared to the same period in 2015.

Gross Profit and Gross Profit Margin

The gross profit decreased by approximately 18.7% from RM15.6 million for the nine months ended 30 September 2015 to RM12.7 million for the nine months ended 30 September 2016. Despite an increase in revenue from air freight services for the nine months ended 30 September 2016, a lower gross profit margin was recorded as compared with the same period in 2015. Furthermore, revenue generated from sea freight services for the nine months ended 30 September 2016 decreased due to less export handling by the Group, the gross profit margin for such services also decreased as the fixed cost remains at the same level. With the combined effects of revenue and cost of sales, the Group's gross profit margin declined to 22.3% for the nine months ended 30 September 2016 from 27.9% for the nine months ended 30 September 2015.

Administrative Expenses

The administrative expenses increased by approximately RM8.1 million, from RM7.9 million for the nine months ended 30 September 2015 to RM16.0 million for the nine months ended 30 September 2016. The significant increase was mainly due to the recognition of the one-off listing expenses of approximately RM6.6 million during the nine months ended 30 September 2016. The administrative expenses mainly consist staff cost, listing expenses and depreciation of property, plant and equipment.

An actual listing expense of approximately RM11.0 million were incurred upon Listing representing an additional amount of approximately RM1.2 million in comparison to the estimated listing expense of approximately RM9.8 million as disclosed in the Prospectus.

The administrative expenses are expected to increase upon Listing due to the establishment of office premises in Hong Kong and additional staff to be hired upon Listing.

Finance Costs

Finance costs represent interest on bank borrowings and finance lease. For the nine months ended 30 September 2016 and 2015, financial cost amounted to approximately RM763,000 and RM583,000, respectively. The increase is mainly due to the increase in bank financing for the loan taken by the Group in relation to the warehouse renovation during the relevant period.

Net (Loss)/Profit for the Period and (Loss)/Earnings per Share

The Group recorded a net loss of approximately RM4.6 million for the nine months ended 30 September 2016 and a net profit of approximately RM5.9 million for the nine months ended 30 September 2015. As disclosed in the Prospectus, the Group is expected to record a net loss for the financial results of the Group for the year ending 31 December 2016. The net loss for the nine months ended 30 September 2016 was mainly due to the recognition of the one-off listing expenses of approximately RM6.6 million and increase in administrative expenses. The Group's loss per share for the nine months ended 30 September 2016 was RM0.70 sen and the Group's earnings per share for the nine months ended 30 September 2015 was RM0.98 sen.

Dividend

The Board does not recommend the payment of interim dividend for the nine months ended 30 September 2016.

OTHER INFORMATION

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

As at 30 September 2016, 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 September 2016, 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 September 2016, 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)}	156,000,000 (L)	19.5%
Mr. Gan Ker Wei ("Mr. Gan")	Interest in controlled corporation ^{(4) (5)}	156,000,000 (L)	19.5%
Mrs. Ong Amy Lai Fong	Family interest ⁽⁶⁾	156,000,000 (L)	19.5%
Upright Plan Limited ("Upright Plan")	Beneficial owner	78,000,000 (L)	9.75%
Champion Ascent Limited ("Champion Ascent")	Beneficial owner	78,000,000 (L)	9.75%
Mr. Chang Kin Man ("Mr. Chang")	Interest in controlled corporation ⁽⁵⁾	78,000,000 (L)	9.75%
Mrs. Wong Ping Yuk	Family interest ⁽⁷⁾	78,000,000 (L)	9.75%

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 September 2016, 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, 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.

As at 30 September 2016, 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 under the share option scheme during the period and there were no outstanding share options under the share option scheme as at 30 September 2016.

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

The shares of Company were successfully listed on GEM on 6 July 2016. Save as disclosed in the Prospectus, during the nine months ended 30 September 2016, 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 nine months ended 30 September 2016.

Compliance Adviser's Interests

As at 30 September 2016, 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 period from the date of Listing to 30 September 2016.

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.

The shares of the Company were successfully listed on GEM on 6 July 2016. To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code during the period from the date of Listing to 30 September 2016.

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

By order of the Board
WORLDGATE GLOBAL LOGISTICS LTD
Lee Chooi Seng
Chairman

Hong Kong, 11 November 2016

As at the date of this report, 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. Wong Siu Keung Joe, Mr. Liew Weng Keat and Mr. Lee Kwok Tung Louis.