# WORLDGATE GLOBAL LOGISTICS LTD
# 盛良物流有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8292)**

# ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

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

## FINANCIAL HIGHLIGHTS

- The Group's total revenue amounted to approximately RM116.4 million for the Financial Year ended 31 December 2023, decreased by approximately 13.6% as compared to that of the same period in 2022.

- The gross profit amounted to approximately RM7.6 million for the Financial Year ended 31 December 2023, decreased by approximately 42.6% as compared to that of the same period in 2022.

- The Group recorded a net loss of approximately RM20.8 million for the Financial Year ended 31 December 2023.

- The Board does not recommend the payment of final dividend for the Financial Year ended 31 December 2023.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2023*

| | Notes | **2023** | 2022 |
|---|---|---|---|
| | | ***RM'000*** | *RM'000* |
| Revenue | 4 | **116,351** | 134,595 |
| Cost of sales | | **(108,738)** | (121,332) |
| Gross profit | | **7,613** | 13,263 |
| Other income and other net gain and loss | 6 | **(6,228)** | 5,877 |
| Fair value changes on financial assets at fair value through profit or loss | | **(1,570)** | (1,322) |
| Net reversal/(provision) of impairment losses on trade and other receivables | | **1,259** | (7,196) |
| Share of results of an associate | | **165** | (702) |
| Selling and distribution costs | | **(6,946)** | (8,595) |
| Administrative expenses | | **(14,540)** | (14,049) |
| Finance costs | 7 | **(508)** | (761) |
| Loss before taxation | | **(20,755)** | (13,485) |
| Income tax (expense)/credit | 8 | **(10)** | 396 |
| Loss for the year | 9 | **(20,765)** | (13,089) |
| Other comprehensive income/(expense): | | | |
| *Item that will not be reclassified subsequently to profit or loss:* | | | |
| Exchange differences arising on translation from functional currency to presentation currency | | **3,369** | (354) |
| *Item that may be reclassified subsequently to profit or loss:* | | | |
| Share of exchange difference of an associate | | **177** | 278 |
| Other comprehensive income/(expense) for the year, net of income tax | | **3,546** | (76) |
| Total comprehensive expense for the year | | **(17,219)** | (13,165) |

| | Notes | **2023** | 2022 |
|---|---|---|---|
| | | ***RM'000*** | *RM'000* |
| Loss for the year attributable to: | | | |
| – Owners of the Company | | **(20,402)** | (12,551) |
| – Non-controlling interests | | **(363)** | (538) |
| | | **(20,765)** | (13,089) |
| Total comprehensive expense for the year attributable to: | | | |
| – Owners of the Company | | **(16,877)** | (12,637) |
| – Non-controlling interests | | **(342)** | (528) |
| | | **(17,219)** | (13,165) |
| | | ***RM*** | *RM* |
| Loss per share | 11 | | |
| – Basic and diluted | | **(3.22 sen)** | (1.98 sen) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 December 2023*

| | Notes | **2023** | 2022 |
|---|---|---|---|
| | | ***RM'000*** | *RM'000* |
| **Non-current assets** | | | |
| Property, plant and equipment | | **2,011** | 8,143 |
| Right-of-use assets | | **320** | 3,520 |
| Goodwill | | **–** | 977 |
| Interest in an associate | | **7,096** | 3,346 |
| Financial assets at fair value through profit or loss | | **2,171** | 3,619 |
| | | **11,598** | 19,605 |
| **Current assets** | | | |
| Inventories | | **4,920** | 6,982 |
| Trade and other receivables | 12 | **19,819** | 27,031 |
| Financial assets at fair value through profit or loss | | **306** | 283 |
| Tax recoverable | | **151** | 792 |
| Cash and bank balances | | **21,681** | 27,583 |
| | | **46,877** | 62,671 |
| **Current liabilities** | | | |
| Trade and other payables | 13 | **14,737** | 20,574 |
| Contract liabilities | | **46** | 199 |
| Bank borrowings and overdrafts | | **3,876** | 3,428 |
| Tax payables | | **19** | 25 |
| Lease liabilities | | **1,301** | 1,544 |
| | | **19,979** | 25,770 |
| **Net current assets** | | **26,898** | 36,901 |
| **Total assets less current liabilities** | | **38,496** | 56,506 |

| | Notes | **2023** | 2022 |
|---|---|---|---|
| | | ***RM'000*** | *RM'000* |
| **Non-current liabilities** | | | |
| Bank borrowings | | **892** | 750 |
| Lease liabilities | | **1,135** | 2,068 |
| | | **2,027** | 2,818 |
| **Net assets** | | **36,469** | 53,688 |
| **Capital and reserves** | | | |
| Share capital | | **33,712** | 33,712 |
| Reserves | | **2,544** | 19,421 |
| Equity attributable to the owners of the Company | | **36,256** | 53,133 |
| Non-controlling interests | | **213** | 555 |
| **Total equity** | | **36,469** | 53,688 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2023*

## 1. GENERAL INFORMATION

Worldgate Global Logistics Ltd (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 shares of the Company are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 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, 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.

The functional currency of the Company is Hong Kong dollar ("**HK$**"), while the consolidated financial statements are presented in Malaysian Ringgit ("**RM**"), which is the functional currency of some of the Company's major subsidiaries. The directors consider that it is more appropriate to adopt RM as the Group's and the Company's presentation currency. All values are rounded to the nearest thousand except when otherwise indicated.

## 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

**Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

| | |
|---|---|
| HKFRS 17 (including the June 2020 and December 2021 Amendments to HKFRS 17) | Insurance Contracts |
| Amendments to HKAS 8 | Definition of Accounting Estimates |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to HKAS 12 | International Tax Reform – Pillar Two model Rules |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies |

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

**New and amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

| | | Effective for annual periods beginning on or after |
|---|---|---|
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | A date to be determined |
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback | 1 January 2024 |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) | 1 January 2024 |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants | 1 January 2024 |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements | 1 January 2024 |
| Amendments to HKAS 21 | Lack of Exchangeability | 1 January 2025 |

The directors anticipate that the application of all new and amendments to HKFRSs in issue but not yet effective will have no material impact on the consolidated financial statements in the foreseeable future.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

## 4. REVENUE

### (a) Disaggregation of revenue from contracts with customers

| | Year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RM'000*** | *RM'000* |
| **Types of goods and services** | | |
| *Recognised on over time basis:* | | |
| Air freight forwarding and related services | **8,461** | 27,625 |
| Sea freight forwarding and related services | **16,688** | 27,909 |
| Trucking and warehouse and related services | **1,287** | 1,818 |
| | **26,436** | 57,352 |
| *Recognised on a point in time basis:* | | |
| Manufacturing and sale of plastic products | **22,145** | 25,737 |
| Trading of used mobile phones | **67,770** | 51,506 |
| | **89,915** | 77,243 |
| **Revenue from contracts with customers** | **116,351** | 134,595 |

## 5. OPERATING SEGMENTS

The Group manages its businesses by business lines in a manner consistent with the way in which information is reported internally to the Group's Chief Operating Decision Maker ("**CODM**"), being the executive directors of the Company, for the purposes of resource allocation and performance assessment.

The Group has three (2022: three) reportable segments. The segments are managed separately because each segment offers different products and services and requires different strategies. The Group's reportable and operating segments are as follows:

– Freight forwarding and related services

– Trading of used mobile phones

– Manufacturing and sale of plastic products

The freight forwarding services, manufacturing and trading business are designated by the CODM as principal activities of the Group and they are separately reviewed and evaluated for management reporting purpose.

No operating segments have been aggregated to form the reportable segments.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment loss, which is measure of adjusted loss before taxation. The adjusted loss before taxation is measured consistently with the Group's loss before taxation, but share of results of an associate and fair value changes on financial assets at FVTPL, gain on deemed disposal of interest in an associate and unallocated corporate expenses, being central administrative costs, are excluded from such measurement.

Segment assets include all current and non-current assets with the exception of financial assets at FVTPL, interest in an associate and unallocated corporate assets. Segment liabilities include all current and non-current liabilities with the exception of unallocated corporate liabilities.

**(a) Segment revenues and results**

The following is an analysis of the Group's revenue and results by reportable segments:

| | Year ended 31 December | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Freight forwarding and related services** | | **Trading of used mobile phones** | | **Manufacturing and sale of plastic products** | | **Total** | |
| | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 |
| | ***RM'000*** | *RM'000* | ***RM'000*** | *RM'000* | ***RM'000*** | *RM'000* | ***RM'000*** | *RM'000* |
| Revenue from external customers | **26,436** | 57,352 | **67,770** | 51,506 | **22,145** | 25,737 | **116,351** | 134,595 |
| Reportable segment loss | **(7,057)** | (4,570) | **(5,758)** | (3,665) | **(6,299)** | (1,093) | **(19,114)** | (9,328) |
| Other information: | | | | | | | | |
| *Amounts included in the measure of segment profit or loss:* | | | | | | | | |
| Interest income | **208** | 178 | **–** | 1 | **–** | – | **208** | 179 |
| Finance costs | **(276)** | (569) | **–** | – | **(232)** | (192) | **(508)** | (761) |
| Depreciation of property, plant and equipment | **(270)** | (1,559) | **(532)** | – | **(896)** | (783) | **(1,698)** | (2,342) |
| Depreciation of right-of-use assets | **(1,161)** | (1,097) | **–** | – | **(12)** | (13) | **(1,173)** | (1,110) |
| (Loss)/gain on disposal of property, plant and equipment | **(58)** | 4,324 | **–** | – | **–** | – | **(58)** | 4,324 |
| Net reversal/(provision) of impairment losses on trade and other receivables | **1,135** | (4,590) | **(284)** | (1,610) | **408** | (582) | **1,259** | (6,782) |
| Impairment losses on property, plant and equipment | **(1,069)** | – | **(814)** | – | **(4,254)** | – | **(6,137)** | – |
| Impairment losses on right-of-use assets | **(2,116)** | – | **–** | – | **(293)** | – | **(2,409)** | – |
| Impairment on goodwill | **–** | – | **–** | – | **(1,019)** | – | **(1,019)** | – |
| Income tax expense | **(10)** | (22) | **–** | – | **–** | – | **(10)** | (22) |
| Reportable segment assets | **16,375** | 28,387 | **5,060** | 8,388 | **10,987** | 16,481 | **32,422** | 53,256 |
| *Amounts included in the measure of segment assets:* | | | | | | | | |
| Additions to non-current assets: | | | | | | | | |
| – Property, plant and equipment | **243** | 624 | **679** | – | **1,233** | 377 | **2,155** | 1,001 |
| – Right-of-use assets | **29** | 2,145 | **–** | – | **–** | – | **29** | 2,145 |
| | **272** | 2,769 | **679** | – | **1,233** | 377 | **2,184** | 3,146 |
| Reportable segment liabilities | **(6,598)** | (9,741) | **(281)** | (2,815) | **(13,620)** | (15,392) | **(20,499)** | (27,948) |

No inter-segment revenue was noted during the year ended 31 December 2023 and 2022.

Reconciliations of reportable segment profit or loss and segment assets and liabilities are as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RM'000*** | *RM'000* |
| **Segment profit or loss** | | |
| Reportable segment loss | **(19,114)** | (9,328) |
| Unallocated amounts: | | |
| Fair value changes on financial assets at FVTPL | **(1,570)** | (1,322) |
| Share of results of an associate | **165** | (702) |
| Gain on deemed disposal of interest in an associate | **3,408** | – |
| Unallocated corporate expenses, net | **(3,644)** | (2,133) |
| Loss before taxation | **(20,755)** | (13,485) |
| **Segment assets** | | |
| Total assets of reportable segments | **32,422** | 53,256 |
| Financial assets at FVTPL | **2,477** | 3,902 |
| Interest in an associate | **7,096** | 3,346 |
| Unallocated corporate assets | **16,480** | 21,772 |
| Consolidated total assets | **58,475** | 82,276 |
| **Segment liabilities** | | |
| Total liabilities of reportable segments | **(20,499)** | (27,948) |
| Unallocated corporate liabilities | **(1,507)** | (640) |
| Consolidated total liabilities | **(22,006)** | (28,588) |

**(b) Geographic information**

Information about the Group's revenue from external customers is presented based on the location of the operation of subsidiaries that earned the revenue. For revenue from cross-border logistic 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 and non-current assets is presented based on the geographical location of the assets.

| | Revenue from external customers | | Non-current assets | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | ***RM'000*** | *RM'000* | ***RM'000*** | *RM'000* |
| Malaysia (place of domicile) | **26,373** | 55,784 | **2,331** | 6,975 |
| Vietnam | **22,145** | 25,737 | **–** | 4,100 |
| The People's Republic of China ("**PRC**"), including Hong Kong | **67,833** | 53,074 | **–** | 588 |
| Total | **116,351** | 134,595 | **2,331** | 11,663 |

*Note:* Non-current assets exclude interest in an associate, goodwill and financial assets at fair value through profit or loss.

**(c) Information about major customers**

Revenue from customer during the year contributing over 10% of the total revenue of the Group is as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***RM'000*** | *RM'000* |
| Customer A[1] | **40,458** | 18,683 |

1 Revenue relating to trading of used mobile phones.

## 6. OTHER INCOME AND OTHER NET GAIN AND LOSS

| | Year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RM'000*** | *RM'000* |
| **Other income** | | |
| Bank interest income | **863** | 239 |
| Government grant | **–** | 168 |
| Rental income | **74** | 58 |
| Others | **101** | 75 |
| (Loss)/Gain on disposal of property, plant and equipment and right-of-use assets | **(58)** | 4,324 |
| Gain on deemed disposal of an associate | **3,408** | – |
| Impairment loss on property, plant and equipment | **(6,137)** | – |
| Impairment loss on right-of-use assets | **(2,409)** | – |
| Impairment loss on goodwill | **(1,019)** | – |
| **Other net gain and loss** | | |
| Exchange difference, net | **(1,107)** | 620 |
| Gain on termination of lease | **–** | 56 |
| Gain on reassessment and modification of lease | **–** | 11 |
| Insurance claim and compensation | **8** | 359 |
| Sale of scrapped products and samples, net | **48** | (33) |
| | **(6,228)** | 5,877 |

## 7. FINANCE COSTS

| | Year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RM'000*** | *RM'000* |
| Interest on bank overdrafts | **36** | 68 |
| Interest on bank borrowings | **259** | 558 |
| Interest on lease liabilities | **213** | 135 |
| | **508** | 761 |

## 8. INCOME TAX EXPENSE/(CREDIT)

| | Year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RM'000*** | *RM'000* |
| Current income tax | | |
| – Hong Kong | **–** | – |
| – Malaysia | **9** | 14 |
| – Vietnam | **–** | – |
| | **9** | 14 |
| Under provision in prior years: | | |
| – Malaysia income tax | **1** | 8 |
| Deferred tax (credit) | **–** | (418) |
| Income tax (credit)/expense | **10** | (396) |

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% of the estimated assessable profit for both years.

Malaysia income tax is calculated at the statutory rate of 24% (2022: 24%) of the estimated taxable profit for the year. Certain subsidiaries incorporated in Malaysia enjoy tax rate of 17% (2022: 17%) on the first RM500,000 and remaining balance of the estimated taxable profit at tax rate of 24% (2022: 24%).

Vietnam income tax is calculated at the statutory rate of 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 year ended 31 December 2023 and 2022.

No provision for Hong Kong Profits tax has been made as the Group did not generate assessable profits for the years ended 31 December 2023 and 2022.

## 9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging/(crediting):

| | Year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RM'000*** | *RM'000* |
| Auditor's remuneration | **397** | 389 |
| Depreciation of property, plant and equipment | **1,698** | 2,342 |
| Depreciation of right-of-use assets | **1,173** | 1,110 |
| Expense on short-term lease | **180** | 137 |
| Costs of inventories purchased for resale | **61,760** | 45,308 |
| Costs of materials consumed | **17,292** | 19,193 |
| Staff costs (including directors' remuneration) | | |
| – Wages, fee and salaries | **14,020** | 12,367 |
| – Welfare and other benefits | **1,674** | 374 |
| – Contributions to defined contribution plans | **939** | 985 |
| | **16,633** | 13,726 |

## 10. DIVIDENDS

The board of directors does not recommend payment of any dividend for the year ended 31 December 2023 (2022: nil).

## 11. LOSS PER SHARE

| | Year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RM'000*** | *RM'000* |
| Loss for the year attributable to the owners of the Company | **(20,402)** | (12,551) |

**Number of shares**

| | Year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| Weighted average number of ordinary shares for the purposes of basic and diluted loss per share | **633,600,000** | 633,600,000 |

No adjustment is made in arriving at diluted loss per share for both 2023 and 2022 were presented as there were no potential ordinary shares in issue for both 2023 and 2022.

## 12. TRADE AND OTHER RECEIVABLES

| | **2023** | 2022 |
|---|---|---|
| | ***RM'000*** | *RM'000* |
| Trade receivables arising from contract with customers | **20,816** | 23,996 |
| Less: Allowance for credit losses | **(6,798)** | (7,782) |
| | **14,018** | 16,214 |
| Prepayments and deposits | **1,856** | 1,294 |
| Other receivables *(note (i))* | **3,945** | 9,523 |
| Total trade and other receivables | **19,819** | 27,031 |

*Note:*

(i) Included in other receivables an amount of RM5,195,000 was a consideration receivable from disposal of property, plant and equipment and right-of-use assets as at 31 December 2022. The amount was fully settled during the year ended 31 December 2023.

The Group did not hold any collateral as security or other credit enhancements over the trade receivables. The average credit period granted to trade debtors ranging from 30–60 days from the invoice date.

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

| | **2023** | 2022 |
|---|---|---|
| | ***RM'000*** | *RM'000* |
| Within 1 month | **9,637** | 5,880 |
| 1 to 2 months | **1,830** | 3,996 |
| 2 to 3 months | **565** | 1,641 |
| Over 3 months | **8,784** | 12,479 |
| | **20,816** | 23,996 |

As at 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate gross carrying amounts of approximately RM13,946,000 (2022: RM18,101,000) which are past due at the end of the reporting period.

## 13. TRADE AND OTHER PAYABLES

The ageing analysis of trade payables of the Group based on the invoice date are as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***RM'000*** | *RM'000* |
| Within 1 month | **3,921** | 6,145 |
| 1 to 2 months | **2,144** | 2,138 |
| 2 to 3 months | **478** | 1,409 |
| More than 3 months but less than 12 months | **5,299** | 7,864 |
| | **11,842** | 17,556 |
| Accruals | **1,651** | 2,188 |
| Other payables | **1,244** | 830 |
| Total trade and other payables | **14,737** | 20,574 |

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

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Integrated Logistics Services Business

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

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*

During the Financial Year, the global buying power decreased since overstock was kept by the customers from previous years. Besides, normal freight forwarder business was partly replaced by courier express services since consumers has changed to online purchasing, thus, the revenue from the air freight services was accounted for approximately RM8.5 million (2022: RM27.6 million), representing a decrease of about 69.4% as compared to that of last year. 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 year ended 31 December 2023 and 2022 is set out in the table as below:

| | **For the year ended 31 December** | |
|---|---|---|
| | **2023** | 2022 |
| | ***'000 kg*** | *'000 kg* |
| Air freight shipment volume | | |
| (a) Export | **2,057** | 5,617 |
| (b) Import | **1,063** | 1,362 |

## *2. Sea Freight Forwarding and Related Services*

During the Financial Year, the revenue from the sea freight services was the largest source of income which accounted for approximately RM16.7 million (2022: RM27.9 million). Revenue from sea freight services decreased by about 40.2% as compared that of last year. Having confronted by the impact of the COVID-19 pandemic for the past three years, the general economic and market conditions in Malaysia affected enormously, customers placed less orders or even liquidated which leading the revenue from sea freight services reduced of approximately RM11.2 million when compared with last year. 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 TEU of the Group's sea freight forwarding and related services for the year ended 31 December 2023 and 2022 is set out in the table as below:

| | **For the year ended 31 December** | |
|---|---|---|
| | **2023** | 2022 |
| | ***TEU*** | *TEU* |
| Sea freight shipment volume | | |
| (a) Export | **4,362** | 5,472 |
| (b) Import | **4,052** | 4,975 |

## *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.

During the Financial Year, the revenue from the trucking and related services accounted for approximately RM1.3 million (2022: RM1.8 million). 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% (2022: less than 1%) of the Group's total revenue for the Financial Year.

**Manufacturing and Trading of Plastic Products**

Revenue from manufacturing and trading of plastic products mainly consists of (i) manufacturing plastic products and accessories for industrial and civil equipment, (ii) producing molds related to plastic products, and (iii) trading of plastic products and accessories.

During the Financial Year, the Group recorded a revenue from the manufacturing and trading of plastic products approximately RM22.1 million (2022: RM25.7 million).

**Trading of Used Mobile Phones Business**

During the Financial Year, the Group recorded a revenue from the trading of used mobile phones of approximately RM67.8 million (2022: RM51.5 million), representing approximately 58.2% of our total revenue. The segment loss before taxation was approximately RM5.8 million (2022: RM3.7 million). The Board is of the view that the trading of used mobile phones will diversify the income stream of the Company.

**Logistics Business in Hong Kong**

During the Financial Year, the Group recorded a revenue from the logistic services in Hong Kong of approximately RM0.06 million (2022: RM1.6 million), representing approximately 0.1% (2022: 1.2%) of our total revenue. Revenue from logistic services in Hong Kong decreased by 96.0% as the Company realize that trading of used mobile phones can generate both revenue from trading and logistics business which has broaden the revenue base. The Board considers that the Group's logistics business in Hong Kong will financially benefit the Company so as to make positive impacts on the internal growth of the Company's business and operations in the forthcoming years.

**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

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.

## 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 optimising 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 kept to expand the logistics business and trading of used mobile phones 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 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 logistic service amounted to approximately RM26.4 million and RM57.4 million for the year ended 31 December 2023 and 2022. For the Financial Year, approximately 7.3% and 14.3% of the Group's revenue was attributable to air freight and sea freight services respectively. For the year ended 31 December 2022, approximately 20.5% and 20.7% of the Group's turnover was attributable to air freight and sea freight services respectively.

Revenue from the integrated logistics services for the Financial Year decreased by approximately 53.9% or approximately RM30.9 million as compared to that of the previous year. The decrease was mainly contributed from air freight services which reduced by 69.4% as compared with the last year since there was significant decline in container movements after the turbulence of Covid in 2020–2022, returning to pre-pandemic levels. Many company were badly affected with tight cash flow situation.

***Cost of Sales***

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

In line with the decrease in revenue, the cost of sales for the Financial Year decreased by approximately 52.3% or RM26.7 million as compared to that of the previous year.

***Gross Profit and Gross Profit Margin***

The gross profit decreased by approximately 67.6% from RM6.3 million for the year ended 31 December 2022 to RM2.1 million for the Financial Year. It was mainly due to the revenue generated from logistic services for the year ended 31 December 2023 is RM26.4 million compared to RM57.4 million for the year ended 31 December 2022. With the combined effects of revenue and cost of sales, the Group's gross profit margin of integrated logistics services decreased to 7.8% for the year ended 31 December 2023 from 11.1% for the year ended 31 December 2022.

### Manufacturing and Trading of Plastic Products

***Revenue***

The Group's total revenue from manufacturing and trading of plastic products amounted to approximately RM22.1 million for the year ended 31 December 2023 (2022: RM25.7 million).

***Cost of Sales***

For the manufacturing and trading of plastic products, the cost of sales amounted to approximately RM20.1 million for the year ended 31 December 2023 (2022: RM22.2 million).

***Gross Profit and Gross Profit Margin***

The gross profit of the manufacturing and trading of plastic products amounted to approximately RM2.0 million (2022: RM3.5 million) and the gross profit margin is approximately 9.2% (2022: 13.8%) for the year ended 31 December 2023.

### Trading of Used Mobile Phones

***Revenue***

The Group's total revenue from the trading of mobile phone phones amounted to approximately RM67.8 million for the year ended 31 December 2023 (2022: RM51.5 million).

***Cost of Sales***

For the trading of used mobile phones, the cost of sales amounted to approximately RM64.3 million for the year ended 31 December 2023 (2022: RM48.1 million).

***Gross Profit and Gross Profit Margin***

The gross profit of the trading of used mobile phones amounted to approximately RM3.5 million (2022: RM3.4 million) and the gross profit margin is approximately 5.2% (2022: 6.6%) for the year ended 31 December 2023.

***Administrative Expenses***

The administrative expenses were RM14.5 million and RM14.1 million for the Financial Year and the year ended 31 December 2022. The administrative expenses mainly consist of staff cost, expense on short-term leases and depreciation of property, plant and equipment.

***Finance Costs***

Finance costs represent interest on bank overdrafts, bank borrowings and lease liabilities. During the Financial Year, the Group's financial cost amounted to approximately RM0.5 million (2022: RM0.8 million).

***Income Tax Expense***

During the Financial Year, the Group recorded income tax of approximately RM0.01 million (2022: tax credit RM0.4 million).

Hong Kong profit tax is calculated on the basis at 8.25% (2022: 8.25%) of the estimated assessable profits up to HK$2 million and 16.5% on any part of the estimated assessable profit over HK$2 million for the period (2022: same).

***Loss for the Year and Loss per Share***

The Group recorded a loss of approximately RM20.4 million for the Financial Year (2022: RM12.6 million). The Group's loss per share for the Financial Year was RM3.22 sen (2022: restated RM1.98 sen).

***Liquidity, Financial Resources and Capital Structure***

As at 31 December 2023,

(a) the Group's net current assets was approximately RM26.9 million (2022: RM36.9 million) and the Group had cash and bank balance of approximately RM21.7 million (2022: RM27.6 million);

(b) the Group had bank borrowings and overdrafts and lease liabilities of approximately RM4.8 million (2022: RM4.2 million) and RM2.4 million (2022: RM3.6 million), respectively;

(c) the Group's current ratio was approximately 2.3 times (2022: 2.4 times). The gearing ratio is calculated by dividing total debt by total equity at the end of the respective years. The Group's gearing ratio was approximately 19.8% (2022: 14.5%); and

(d) the Group's total equity attributable to owners of the Company amounted to RM36.3 million (2022: RM53.1 million). The equity of the Company mainly comprises share capital and reserves.

***Dividends***

The Board does not recommend the payment of a final dividend for the Financial Year (2022: nil).

### *Significant Investments Held by the Group*

During the Financial Year, there was no significant investment held by the Group.

### *Material Acquisitions and Disposals of Subsidiaries and Associates*

During the Financial Year, there was no material acquisitions and disposals of subsidiaries and associates.

### *Capital Commitments*

As at 31 December 2023, the Group did not have any significant capital commitments for purchase of property, plant and equipment.

### *Contingent Liabilities*

As at 31 December 2023, bank guarantees of RM382,500 (2022: RM379,000) of the Group were issued to suppliers for operational requirements. The Directors do not consider probable that a claim will be made against the Group under these guarantees.

As at 31 December 2023 and 2022, the Company issued corporate guarantee to a bank in respect of bank borrowings and banking facilities granted to a subsidiary.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Directors are aware that the Group is exposed to various types of risks, including operational risks, market risks, liquidity risks, credit risks and regulatory risks. The Directors have established a set of risk management policies and measures to identify, evaluate and manage risks arising from its operations.

The following are the primary risks that may materially and adversely affect the Group's business, financial condition and results of operation and its risk management measures.

Key risks related to the Group's businesses and to the industries in which the Group operates include:

**1. Risk of failing to renew its licenses**

The logistics services in Malaysia are regulated by specific legislations regulating freight forwarding or customs clearance, warehousing, and transportation. To undertake such business, various registrations, approvals and licenses are required to be obtained from regulatory authorities in Malaysia. In providing integrated logistics services in Malaysia, the Group has obtained various permissions, certificates, licenses and approvals, including customs agent license, approval to carry out commercial activity in a free commercial zone, operator's license for group vehicles, business and advertisement license and pioneer status certificate. The Group may face difficulty in providing its integrated logistics services if it fails to renew or obtain its licenses and permissions.

The Group has subcontracted its customs clearance and part of its transportation business to subcontractors. Should the Group fail to renew relevant licenses, it can subcontract relevant services to these existing subcontractors.

**2. Risk of cargo hijacking, theft and damages**

Risks of cargo hijacking and theft incidents are inherent to the nature of the Group's integrated logistics services business. Future terrorist or extremist attacks, or the threat of such attacks, and cargo hijacking may increase the costs of the Group's operations and reduce demand for the Group's services.

The Group has adopted risk management measures such as Global Positioning System (a space-based global navigation satellite system that provides location and time information anywhere on earth), and paid security escort services. The Group also maintains insurance policies against loss and damage to its customers' cargo. There is a limitation of liability for loss and damage of cargo during transportation set by relevant freight associations.

**3. Risk of being fined for illicit goods transported by its customers**

Overseas freight forwarders may pass referral businesses or subcontract local sub-parts of their shipments to the Group whereby the Group has no control over, and no comprehension of the customers' nature or the goods they carry other than as declared in relevant declaration forms.

The Group has performed background checks on new customers and will file a police report for any unclaimed and/or suspicious cargo. In order to discharge its liability, the Group will ensure that the security seal of the cargo remained intact to maintain the integrity of the cargo during the course of transportation.

**4. Risk of increase in freight and transportation cost**

The Group incurs significant costs in procuring cargo space from airlines and ocean carriers, as well as providing or arranging for land transportation services overseas. Freight costs are significantly affected by a variety of factors, including fuel prices, exchange rate, the imposition of, or increases in, import or export taxes, the supply of cargo space, market conditions and other factors, many of which are beyond the Group's control.

The Group prices its services on a cost-plus basis, by reference to the types of services provided, costs of cargo spaces, fees of third party service providers etc. It is expected that this risk is mitigated by passing on the cost to the customers whenever possible.

**5. Risk of over dependent on the information technology**

The Group's integrated logistics services is highly dependent on information technology and currently uses three systems and one software to manage its customs declaration, operation, payroll and accounting, respectively. Our information systems allow customers to log in to track and trace their cargo, and monitor the level of inventory they have placed for storage at the Group's warehouses. The hardware or software failure relating to IT systems could significantly disrupt customer workflows and cause economic losses for which the Group could be held liable and which could damage its reputation.

The Group has in place a disaster recovery plan covering the critical application analysis, recovery timing and damage assessment and server for external backup.

**6. Risk of handling goods contain dangerous or chemical substances**

Type of substances classified as dangerous goods include explosives, flammable liquids and gases, corrosives, chemically reactive or acutely toxic substances. Products such as handphone, notebooks with batteries, ink are also considered by the industry as dangerous goods. It is required by the industry that only companies with at least 2 licences holders who have attended the dangerous goods regulation course and passed the examination can handle goods contain dangerous or chemical substances for export.

The Group has more than 2 licences holders, therefore, it is eligible to handle the dangerous goods. The Group has standard procedures for its employees to follow in handling of dangerous goods. Further, the Group will only transport dangerous goods if the Group obtained confirmation from airlines/shipping liners that such goods are acceptable to them.

## 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 are 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 31 December 2023 and 2022, the Group did not enter into any foreign currency forward contracts. However, the management will monitor the foreign currency exposure and will consider hedging significant foreign currency exposure if necessary.

## EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group has a total of 380 (2022: 435) full-time employees. The total employee remuneration including remuneration of the Directors for the Financial Year amounted to RM16.6 million (2022: RM13.7 million).

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

## 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<br>*HK$'000* | Changed use of net proceeds as stated in the announcement dated 5 January 2023<br>*HK$'000* | Actual use of proceeds during the year ended 31 December 2023<br>*HK$'000* | Remaining balance after revised use of proceeds<br>*HK$'000* | Expected timeline of fully utilization of the balance |
|---|---|---|---|---|---|
| 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 | 17,099.8 | 1,967.0 | June 2024 |
| Investment purpose | – | 7,000.0 | – | 7,000.0 | December 2024 |
| | 51,942.0 | 51,942.0 | 42,975.0 | 8,967.0 | |

The analysis of the actual use of net proceeds as at 31 December 2023 are set out below:

| | | RM Equivalent<br>*'000* | *HK$'000* |
|---|---|---|---|
| 1. | Postage & courier charges | 2,836.1 | 4,822.3 |
| 2. | Administrative expenses | 2,159.0 | 3,671.2 |
| 3. | Salary | 7,630.8 | 12,975.4 |
| 4. | Professional fee | 2,767.3 | 4,705.5 |
| 5. | Logistics services | 8,850.0 | 15,000.0 |
| 6. | Repair and maintenance | 1,058.9 | 1,800.6 |
| Total | | 25,302.1 | 42,975.0 |

The unused balance with the amount of approximately HK$8,967,000 is placed with reputable banks as the Group's bank deposits.

During the Financial Year, the Company planned to utilize the use of proceeds from the Rights Issue before the end of 2023, however, the unsteady global economy have a considerate impact on the expansion of investment of the Company and the management expected that the use of proceeds will be fully utilized in the year of 2024.

## 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 31 December 2023, none 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.

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

As at 31 December 2023, 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 |
|---|---|---|---|
| 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% |

(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.

Save as disclosed above, as at 31 December 2023, 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 31 December 2023, there were a total of 800,000 Share Options, representing approximately 0.13% 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, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

During the Financial Year, 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, 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 Financial Year.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.46 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the six months ended 31 December 2023.

## CONSTITUTIONAL DOCUMENTS

During the Financial Year, the Company has made changes to its Articles to be in line with the latest legal and regulatory requirements, including the applicable laws of the Cayman Islands and the amendments made to Appendix A1 to the GEM Listing Rules which took effect on 1 January 2022. The adoption of the second amended and restated memorandum and articles of association of the Company had obtained shareholders' approval at the AGM held on 9 June 2023. An up-to-date version of the Company's Articles is also available on the Company's website and the Stock Exchange's website.

## 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 provision set out in Appendix 15 of the code provision of the Corporate Governance Code (the "**CG Code**") of the GEM Listing Rules. Throughout the Financial Year, 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 15 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 Group's annual results for the year ended 31 December 2023 have been reviewed by the Audit Committee, which was of the opinion that such results have complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements and that adequate disclosures have been made.

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

Hong Kong, 27 March 2024

*As at the date of this announcement, the executive Directors are Mr. LAI Kwok Hei and Mr. CHAN Kin Ho Philip and the independent non-executive Directors are Ms. WONG Hoi Yan Audrey, Mr. MA Kin Hung and Ms. CHEUNG Choi Hung.*

*This announcement will remain on the "Latest Listed Company Information" page of the Stock Exchange website at http://www.hkexnews.hk for a minimum period of seven days from the date of its publication and on the Company's website at http://www.worldgate.com.hk.*