

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

WORLDGATE GLOBAL LOGISTICS LTD

盛良物流有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8292)

CHANGE IN USE OF PROCEEDS

References are made to (i) the section headed “*Future Plans and Use of Proceeds*” of the prospectus dated 28 June 2016 (the “**Prospectus**”) issued by WORLDGATE GLOBAL LOGISTICS LTD (the “**Company**”) in relation to the placing (the “**Placing**”) and the listing of the Company’s shares on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”); (ii) the annual report of the Company for the year ended 31 December 2018 dated 22 March 2019 (the “**2018 Annual Report**”); and (iii) the interim report for the six months ended 30 June 2019 dated 13 August 2019 (the “**2019 Interim Report**”). Capitalised terms in this announcement have the same meanings as those defined in the Prospectus, 2018 Annual Report and 2019 Interim Report unless defined otherwise herein.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company and its subsidiaries (collectively referred to as the “**Group**”) would like to announce that it has resolved to change the use of the net proceeds from the Placing, as disclosed below.

ORIGINAL USE OF PROCEEDS

As disclosed in the Prospectus, the net proceeds (the “**Net Proceeds**”) from the Placing (after deducting underwriting fees and estimated expenses payable by the Group in connection with the Placing) was approximately HK\$51.6 million. It was disclosed in the section headed “*Future Plans and Use of Proceeds*” of the Prospectus that it was intended that such Net Proceeds will be applied by the Group in the following manner:

- (i) approximately HK\$14.6 million, representing approximately 28.3% of the Net Proceeds, for further expanding its representative/branch office in major gateways of Malaysia;
- (ii) approximately HK\$4.4 million, representing approximately 8.5% of the Net Proceeds, for expanding the scope of services;
- (iii) approximately HK\$6.5 million, representing approximately 12.6% of the Net Proceeds, for further strengthening the information technology systems;
- (iv) approximately HK\$0.3 million, representing approximately 0.6% of the Net Proceeds, for attracting and retaining talented and experienced employees;

- (v) approximately HK\$17.7 million, representing approximately 34.3% of the Net Proceeds, for growing the business strategically through business acquisitions or business collaboration;
- (vi) approximately HK\$3.4 million, representing approximately 6.6% of the Net Proceeds, for repayment of bank loan with interest rate of 4.65% (based on interest rate as at 31 December 2015) and maturity date in 2029; and
- (vii) approximately HK\$4.7 million, representing approximately 9.1% of the Net Proceeds, for working capital.

As at the date of this announcement, the Company has utilised approximately HK\$14.3 million of the Net Proceeds and approximately HK\$37.3 million remains unutilised for the intended purposes set out in the Prospectus.

In relation to the portion of the Net Proceeds of approximately HK\$17.7 million which was allocated for growing the business strategically through business acquisitions or business collaboration, the Company has not yet identified any potential acquisition or collaboration targets as at the date of this announcement. The said amount remained unutilised.

CHANGE IN USE OF PROCEEDS

As the Company has not yet acquired or collaborated with any business targets, the Board has resolved to reallocate the remaining unutilised balance of the Net Proceeds that was earmarked for the purpose of growing the business strategically through business acquisitions or business collaboration, amounting to approximately HK\$17.7 million, towards the financing of the Group's working capital and setting up the logistics business in Hong Kong.

Following such re-allocation and taking into account the utilisation status of the Net Proceeds as at the date of this announcement, the revised use of the Net Proceeds will be as follows:

	Earmarked amount pursuant to the allocation as stated in the Prospectus HK\$' million	Utilised Net Proceeds up to the date of this announcement HK\$' million	Proposed change in use of the unutilised Net Proceeds HK\$' million	Unutilised Net Proceeds after the proposed change in use of Net Proceeds as at the date of this announcement HK\$' million
Further expand its representative/branch office in major gateways of Malaysia	14.6	2.8	Not applicable	11.8
Expand the scope of services to cover cross border trucking, haulage and rail freight	4.4	0.5	Not applicable	3.9
Further strengthen the information technology systems	6.5	2.6	Not applicable	3.9
Attract and retain talented and experienced employees	0.3	0.3	Not applicable	—
Grow the business strategically through business acquisitions and business collaborations	17.7	—	Re-allocation of the unutilized amount for financing the Group's working capital and setting up the logistics business in Hong Kong (<i>Note</i>)	—
Repayment of bank loans	3.4	3.4	Not applicable	—
Working capital	4.7	4.7	See above (<i>Note</i>)	2.7
Setting up the logistics business in Hong Kong	—	—	See above (<i>Note</i>)	15.0
Total	<u>51.6</u>	<u>14.3</u>	<u>Not applicable</u>	<u>37.3</u>

Note: Re-allocation of the unutilised amount of HK\$17.7 million for financing the Group's working capital and setting up the logistics business in Hong Kong in the amounts of HK\$2.7 million and HK\$15 million, respectively.

REASON FOR CHANGE IN USE OF PROCEEDS

The only change made to the use of Net Proceeds is the reallocation of approximately HK\$17.7 million, which was originally allocated for growing the Group's business strategically through business acquisitions or business collaboration, towards the financing of the Group's working capital and setting up the logistics business in Hong Kong. However, the Group has not identified any potential targets for

acquisition or collaboration up to the date of this announcement. Therefore, the Net Proceeds allocated for growing the business strategically through business acquisitions and business collaborations has not yet been utilised.

Meanwhile, in order to 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, as part of the Group's expansion plan, Hong Kong is considered to be a good alternative location to Singapore to leverage on the capabilities and network of the Group in ASEAN countries to meet its logistics requirements and enhance the efficiency of its operations.

Having considered the above, and after due and careful evaluation of the Group's operation and financial needs, the Board is of the view that the reallocation of the unutilised amount of HK\$15 million for setting up the logistics business in Hong Kong will support the Group's New Business and enable the Group to provide potential Chinese and international clients with wider global logistics solutions, which is in line with the overall business strategy of the Group. The reallocation of unutilised amount of HK\$2.7 million in the Net Proceeds as general working capital would also provide the Company with more idle cash to be used in a flexible manner.

The Board considers that the above adjustments to the intended use of proceeds will more effectively cater for the Group's financial and business needs and are in the best interests of the Company and its shareholders as a whole.

Save as aforesaid, there are no other changes to the intended use of the proceeds as disclosed in the Prospectus, 2018 Annual Report and 2019 Interim Report.

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

Hong Kong, 12 November 2019

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited 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.

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