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## **WORLDGATE GLOBAL LOGISTICS LTD**

### **盛良物流有限公司**

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

**(Stock Code: 8292)**

## **SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

### **THE SUBSCRIPTION AGREEMENT**

On 12 October 2020 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for the Subscription Shares comprising an aggregate of 40,000,000 new Shares at the Subscription Price of HK\$0.03 per Subscription Share.

The Subscription Shares, which will be issued under the General Mandate, represent (a) approximately 4.17% of the issued share capital of the Company as at the date of this announcement; and (b) 4.00% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares.

The gross proceeds of the Subscription will amount to approximately HK\$1.2 million and the net proceeds receivable by the Company under the Subscription are estimated to be approximately HK\$1.1 million after deducting the relevant expenses incurred in relation to the Subscription. The Company intends to use the net proceeds from the Subscription for general working capital of the Group.

By a resolution of the Shareholders passed at the AGM, the Company granted the General Mandate to the Directors to allot and issue up to 20% of the then total number of Shares of the Company in issue as at 29 May 2020, i.e. 160,000,000 Shares. As the Subscription Shares will be allotted and issued under the General Mandate, the Subscription and the issue of the Subscription Shares are not subject to additional Shareholders' approval.

An application will be made by the Company to the Stock Exchange for the grant of approval in the listing of, and permission to deal in, the Subscription Shares.

### **GENERAL**

**Shareholders and potential investors should note that Completion is subject to fulfilment of the conditions precedent under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares or other securities of the Company.**

## **THE SUBSCRIPTION AGREEMENT**

On 12 October 2020 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for the Subscription Shares comprising of 40,000,000 new Shares at the Subscription Price of HK\$0.03 per Subscription Share.

### **The Subscription Agreement**

Date: 12 October 2020 (after trading hours)

Parties: 1. The Company  
2. Win All Management Limited, as the Subscriber

Subscription Shares: 40,000,000 Subscription Shares

Subscription Price: HK\$0.03 per Subscription Share

The Subscriber is a company incorporated in the British Virgin Islands with limited liability which primarily engages in securities investment. The entire issued share capital of the Subscriber is beneficially owned by Mr. Ng Hang Fai Calvin (“**Mr. Ng**”), who is an IT development specialist and was a former developer of the CCASS division of the Stock Exchange. Mr. Ng is the sole director of another company which is a business partner of a subsidiary of the Company, Dominant Apex Limited.

Save as the business relationship disclosed above, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are Independent Third Parties. As of the date of this announcement, the Subscriber does not hold any Share.

### **The Subscription Shares**

The Subscription Shares, which will be issued under the General Mandate, represent (a) approximately 4.17% of the issued share capital of the Company as at the date of this announcement; and (b) 4.00% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares.

### **The Subscription Price**

The Subscription Price is HK\$0.03 per Subscription Share, representing:

- (a) a discount of approximately 16.67% to the closing price of HK\$0.036 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;

- (b) a discount of approximately 18.03% over the average of the closing prices of HK\$0.0366 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Subscription Agreement; and
- (c) a discount of 20% over the average of the closing prices of HK\$0.0375 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of the Subscription Agreement.

The Subscription Price was determined and negotiated on an arm's length basis between the Company and the Subscriber with reference to, among other things, the prevailing market price of the Shares and the liquidity of the Shares. The Directors consider that the Subscription Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Based on the estimated expenses for the Subscription, the net Subscription Price is approximately HK\$0.0275 per Subscription Share.

### **Issue of the Subscription Shares under the General Mandate**

By a resolution of the Shareholders passed at the AGM, the Company granted the General Mandate to the Directors to allot and issue up to 20% of the then total number of Shares of the Company in issue as at 29 May 2020, i.e. 160,000,000 Shares. As the Subscription Shares will be allotted and issued under the General Mandate, the Subscription and the issue of the Subscription Shares are not subject to additional Shareholders' approval.

An application will be made by the Company to the Stock Exchange for the grant of approval in the listing of, and permission to deal in the Subscription Shares.

### **Ranking**

The Subscription Shares shall rank *pari passu* in all respects with the existing Shares in issue as at the Completion Date and shall be allotted and issued by the Company free from all liens, charges, security interests, encumbrances or other third party rights together with all rights attaching thereto on and after the date of their allotment including all dividends declared or payable or distributions made or proposed to be made at any time by reference to a record date falling on or after the date of allotment of the Subscription Shares.

## Conditions Precedent of the Subscription

Completion of the Subscription under the Subscription Agreement shall be conditional upon the following conditions precedent being fulfilled (or being waived by any of the parties to the Subscription Agreement) on or before 5:00 p.m. (Hong Kong time) on the Long Stop Date:

- (a) the compliance with the requirements of the Stock Exchange and the GEM Listing Rules, including but not limited to the listing of and permission to deal in all of the Subscription Shares being granted by the GEM Listing Committee of the Stock Exchange (either unconditionally, or subject to customary conditions);
- (b) the Shares remaining listed and traded on the Stock Exchange at all times from the date of the Subscription Agreement to the Completion Date, save for any temporary suspension not exceeding five (5) consecutive trading days (as defined under the GEM Listing Rules), or such longer period as the Subscriber may accept in writing, and no indication being received by the Company on or before the Completion Date from the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange will or may be withdrawn or objected to as a result of Completion or in connection with the terms of the Subscription Agreement;
- (c) the representations, warranties and undertakings of the Company remaining true and accurate in all material respects, and not misleading in any material respect, as given on the date of the Subscription Agreement and at Completion;
- (d) the representations, warranties and undertakings of the Subscriber remaining true and accurate in all material respects, and not misleading in any material respect, as given on the date of the Subscription Agreement and at Completion;
- (e) each of the parties to the Subscription Agreement having performed in all material respects all of the covenants and agreements required to be performed by it under the Subscription Agreement on or prior to the Completion Date; and
- (f) prior to Completion, there being no occurrence of any change, or any development or event reasonably likely to involve a prospective change in the financial condition, operations, legal environment, business or properties of the Company which, in the reasonable opinion of the Subscriber, is material and adverse to the issue of the Subscription Shares.

The Subscriber may in its absolute discretion at any time waive in writing above conditions precedent (b), (c), (e) and/or (f) (or any part thereof), and the Company may in its absolute discretion at any time waive in writing conditions precedent (d) and/or (e) (or any part thereof), and such waiver by the waiving party may be made subject to such terms and conditions as are determined by the waiving party.

In the event any of the above conditions precedent is not fulfilled (or being waived by any parties to the Subscription Agreement), at or before 5:00 p.m. (Hong Kong time) on the Long Stop Date, the obligations of the parties under the Subscription Agreement shall forthwith cease to be of any effect

and none of the parties to the Subscription Agreement shall be bound to carry out the remaining terms of the Subscription Agreement and no party to the Subscription Agreement shall have any right to damages or reimbursement for any cost and expenses that it may have incurred in connection with or arising out of the Subscription Agreement or the failure to complete the Subscription, save for any antecedent breaches thereof.

## Completion

Subject to fulfilment (or, where appropriate, waiver by any of the parties to the Subscription Agreement) of the conditions precedent to the Subscription Agreement, Completion shall take place on the Completion Date.

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion (assuming no further change in the Company's issued share capital from the date of this announcement up to Completion):

Name of Shareholder	As at the date of this announcement		Immediately after Completion	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
<b>Former Director</b>				
Ms. Wen Jianping (“ <b>Ms. Wen</b> ”) ( <i>Note 1</i> )	10,000,000	1.04%	10,000,000	1.00%
<b>Substantial shareholders</b>				
JL Investments Capital Limited (“ <b>JL Investments</b> ”)	232,000,000 ( <i>Note 2</i> )	24.17%	232,000,000	23.20%
Crown World Investments Limited (“ <b>Crown World</b> ”)	160,000,000 ( <i>Note 3</i> )	16.67%	160,000,000	16.00%
The Subscriber	—	—	40,000,000	4.00%
Other public shareholders	<u>558,000,000</u>	<u>58.13%</u>	<u>558,000,000</u>	<u>55.80%</u>
<b>Total</b>	<b><u>960,000,000</u></b>	<b><u>100%</u></b>	<b><u>1,000,000,000</u></b>	<b><u>100%</u></b>

*Notes:*

1. Ms. Wen retired as a Director upon the conclusion of the annual general meeting of the Company held on 29 May 2020 and remains as a connected person (as defined in the GEM Listing Rules) of the Company as at the date of this announcement.
2. JL Investments is a company owned as to 100% by Mr. Lau Chi Yuen, Joseph (“**Mr. Lau**”). By virtue of the SFO, Mr. Lau is deemed to be interested in 232,000,000 Shares held by JL Investments.
3. Crown World is a company owned as to 100% by Mr. Zhong Xian Wen (“**Mr. Zhong**”). By virtue of the SFO, Mr. Zhong is deemed to be interested in 160,000,000 Shares held by Crown World.

## **REASONS FOR THE SUBSCRIPTION AND USE OF NET PROCEEDS**

The Company is an investment holding company and the Group is principally engaged in the provision of comprehensive international freight services, transportation services as well as warehousing services to customers worldwide and trading of used mobile phones in Hong Kong.

The Directors are of the view that the Subscription represents a good opportunity to increase the cash balance of the Group under the economic downturn caused by the Coronavirus Disease 2019 pandemic. The Directors believe that the issue of the Subscription Shares can provide additional working capital for the Group, enlarge the capital base and further strengthen the financial position of the Group.

The gross proceeds of the Subscription will amount to approximately HK\$1.2 million and the net proceeds receivable by the Company under the Subscription are estimated to be approximately HK\$1.1 million after deducting the relevant expenses incurred in relation to the Subscription. The Company intends to use the net proceeds from the Subscription for general working capital of the Group.

The Directors consider that the terms of the Subscription Agreement are on normal commercial terms which were arrived at after arm’s length negotiations between the Company and the Subscriber, and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **FUND RAISING ACTIVITY DURING THE PAST 12 MONTHS FROM THE DATE OF THIS ANNOUNCEMENT**

The Company has not conducted any equity fundraising activities in the past twelve months immediately preceding the date of this announcement.

## **GENERAL**

**Shareholders and potential investors should note that Completion is subject to fulfilment of the conditions precedent under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares or other securities of the Company.**

## DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

“AGM”	the annual general meeting of the Company held on 29 May 2020
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	means a day on which licensed banks in Hong Kong are required to be and are generally open for business (other than any Saturday, Sunday or gazetted public holiday in Hong Kong)
“Company”	Worldgate Global Logistics Ltd, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM
“connected persons”	has the meaning ascribed to it under the GEM Listing Rules
“Completion”	the completion of the Subscription pursuant to the terms of the Subscription Agreement
“Completion Date”	a date within 10 Business Days after all of the conditions precedent to the Subscription Agreement have been fulfilled by the Company or, as the case may be, waived by the Subscriber (or such later date as the Company and the Subscriber may agree in writing)
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors at the AGM to allot, issue and deal with up to 160,000,000 Shares, representing 20% of the aggregate number of issued Shares as at the date of passing of the relevant resolution at the AGM
“Group”	collectively, the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a third party independent of the Company and the connected persons of the Company

“Long Stop Date”	30 November 2020 (or such later date as the Company and the Subscriber may agree in writing)
“PRC”	the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Win All Management Limited, a company incorporated in the British Virgin Islands with limited liability
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 12 October 2020 entered into between the Company as issuer and the Subscriber as subscriber for the subscription of 40,000,000 Shares at the Subscription Price
“Subscription Price”	HK\$0.03 per Subscription Share
“Subscription Shares”	an aggregate of 40,000,000 new Shares to be issued by the Company to the Subscriber pursuant to the Subscription Agreement under General Mandate
“substantial shareholder(s)”	has the meaning as described thereto under the GEM Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 12 October 2020



*As at the date of this announcement, the executive Directors are Mr. LAI Kwok Hei 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 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.*

*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>.*