

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)

FURTHER CHANGE IN USE OF PROCEEDS

References are made to (i) 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 announcement of the Company dated 12 November 2019 (the “**Announcement**”); and (iii) the interim report of the Company for the six months ended 30 June 2020 (the “**Interim Report**”). Capitalized terms used herein shall have the same meanings as those defined in the Announcement unless defined otherwise herein.

USE OF PROCEEDS AS REVISED PURSUANT TO THE ANNOUNCEMENT

The original intended use of Net Proceeds which amounted to approximately HK\$51.6 million (after deducting underwriting fees and estimated expenses payable by the Group in connection with the Placing) was set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus. As set out in the Announcement, the Group adjusted the intended use and allocation of approximately HK\$17.7 million (out of the remaining unutilized balance of the Net Proceeds of approximately HK\$37.3 million), which was earmarked for the purpose of growing the business strategically through business acquisitions or business collaboration, on 12 November 2019 as follows:

- (i) approximately HK\$2.7 million, representing approximately 5.23% of the Net Proceeds, was allocated towards the financing of the Group’s working capital; and
- (ii) approximately HK\$15.0 million, representing approximately 29.07% of the Net Proceeds, was allocated towards setting up the logistics business in Hong Kong.

As at the date of this announcement, the Company has utilized approximately HK\$32.0 million of the Net Proceeds. Set out below are details of the amount of Net Proceeds used and the remaining balance of the Net Proceeds as at the date of this announcement and the expected timeline for utilizing the remaining unused Net Proceeds as disclosed in the Interim Report.

Use of the Net Proceeds	Earmarked amount pursuant to the allocation as stated in the Prospectus <i>HK\$'million</i>	Changed use of Net Proceeds as stated in the Announcement <i>HK\$'million</i>	Utilised Net Proceeds up to the date of this announcement <i>HK\$'million</i>	Remaining balance of the Net Proceeds as at the date of this announcement <i>HK\$'million</i>	Expected timeline for utilizing the remaining unused Net Proceeds <i>Day/month/year</i>
1. Further expand its representative/branch office in major gateways in Malaysia	14.6	14.6	2.8	11.8	End of 2021
2. Expand the scope of services	4.4	4.4	0.5	3.9	End of 2021
3. Further strengthen the information technology systems	6.5	6.5	2.6	3.9	End of 2021
4. Attract and retain talented and experienced employees	0.3	0.3	0.3	–	–
5. Grow the business strategically through business acquisitions and business collaborations	17.7	–	–	–	–
6. Repay loans	3.4	3.4	3.4	–	–
7. Working capital	4.7	7.4	7.4	–	–
8. Setting up the logistics business in Hong Kong	–	15.0	15.0	–	–
Total	51.6	51.6	32.0	19.6	

FURTHER CHANGE IN USE OF PROCEEDS

As at the date of this announcement, the Board has resolved and approved to further change the intended use and allocation of the Net Proceeds by reallocating a total of approximately HK\$15.7 million, which was earmarked for the purposes of further expansion of the Group's business in major gateways in Malaysia and expansion of the scope of services, towards setting up the logistics business in Hong Kong. Set out below are details of the use of the Net Proceeds, the revised allocation, the amount of the Net Proceeds utilized up at the date of this announcement, the remaining balance of the Net Proceeds after the revised allocation and the expected timeline for utilizing the remaining unused Net Proceeds.

Use of the Net Proceeds	Earmarked		Utilised Net	Remaining	Expected
	amount	Revised	Proceeds up	balance of	timeline for
	pursuant to	allocation	to the date	the Net	utilizing the
	the allocation		of this	Proceeds after	remaining
	as stated in		announcement	the revised	unused
	the Prospectus	allocation	of this	allocation	Net Proceeds
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	Day/month/year
1. Further expand its representative/branch office in major gateways in Malaysia	14.6	2.8	2.8	-	-
2. Expand the scope of services	4.4	0.5	0.5	-	-
3. Further strengthen the information technology systems	6.5	6.5	2.6	3.9	End of 2021
4. Attract and retain talented and experienced employees	0.3	0.3	0.3	-	-
5. Grow the business strategically through business acquisitions and business collaborations	17.7	-	-	-	-
6. Repay loans	3.4	3.4	3.4	-	-
7. Working capital	4.7	7.4	7.4	-	-
8. Setting up the logistics business in Hong Kong	-	30.7	15.0	15.7	End of 2021
Total	51.6	51.6	32.0	19.6	

REASONS FOR THE FURTHER CHANGE IN USE OF PROCEEDS

The Board considers that the reallocation of approximately HK\$15.7 million, which was originally allocated for expansion of the Group's representative/branch office in major gateways in Malaysia and expansion of scope of services, towards setting up 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.

According to a blog entry by Cross-Border Commerce Europe (<https://www.cbcommerce.eu/industry-insights-blog/the-explosive-growth-of-cross-border-ecommerce/>), Forrester, an American market research company, predicted that “cross-border purchases will comprise 20 percent of all worldwide ecommerce in 2022, with sales of \$627 billion. The Asia Pacific region, dominated by China, will become the largest ecommerce cross-border region for both imports and exports. Rising incomes, an expanding middle class, and dissatisfaction with domestic products propel China’s ecommerce growth. China has 300 million middle-class consumers clamoring for foreign goods.” The board is of the view that Hong Kong will remain as the main window for business-to-business and cross-border e-commerce trade from China to worldwide in the coming ten years. On this basis, the Board expects that the allocation of resources to focus on exploring the Group’s logistics business in Hong Kong will ultimately transform such business into the Group’s key growth engine.

Having considered the impact of the change in the use of Net Proceeds on the Group’s business, the Board is of the view that the new allocation of Net Proceeds will enable the Group to better utilize the Net Proceeds and generate promising return to the Group. The Board believes that the change in use of Net Proceeds will not have any material adverse effect on the existing business and operation of the Group and is in the best interests of the Company and its shareholders as a whole.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

By Order of the Board
Worldgate Global Logistics Ltd
Lai Kwok Hei
Chairman

Hong Kong, 3 February 2021

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>.