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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)

CHANGE IN USE OF PROCEEDS FROM RIGHTS ISSUE AND STRATEGIC COOPERATION AGREEMENT

Reference is made to (i) the prospectus of WORLDGATE GLOBAL LOGISTICS LTD (the “**Company**”) dated 8 December 2021 (the “**Prospectus**”) in relation to the use of proceeds of the rights issue completed on 9 November 2021 (the “**Rights Issue**”); and (ii) the Company’s announcement dated 29 August 2022 in relation to, amongst other things, the use of proceeds from the Rights Issue (the “**Announcement**”).

ORIGINAL USE OF PROCEEDS

As disclosed in the Prospectus and the Announcement, the net proceeds from the Rights Issue (net of expenses) of approximately HK\$51.9 million was intended to be used for the expansion of the Company’s logistic service business in Hong Kong (“**Intended Use**”). As of the date of this announcement, approximately HK\$25.9 million had been utilised for the Intended Use.

CHANGE OF USE OF PROCEEDS

As of the date of this announcement, approximately HK\$26.0 million has yet been utilized (“**Unutilized Net Proceeds**”). In light of the reasons set out in the section below, the board of directors (the “**Board**”) resolved to change the use of the Unutilized Net Proceeds as follows:

| Initial intended use of net proceeds | Initial allocation | Utilized net proceeds as at the date of this announcement | Unutilized Net Proceeds for reallocation as at the date of this announcement | Proposed change of use of Unutilized Net Proceeds | Allocation of Unutilized Net Proceeds |
|---|---------------------------|--|---|--|--|
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | | <i>HK\$'000</i> |
| Working capital for the expansion of logistics services business in Hong Kong | 51,942 | 25,875 | 26,067 | General working capital Investment purpose | 19,067 7,000 |

REASONS FOR THE CHANGE OF USE OF UNUTILIZED NET PROCEEDS

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, including the fifth wave of the coronavirus pandemic, the slow recovery of Hong Kong from the coronavirus pandemic, the volatile Hong Kong securities market in the second half of 2022 and impact of the aforementioned events on the Hong Kong economy and community as a whole.

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. The Company has also been monitoring the performance of various financial instruments and noticed that the performance of the securities market has improved since the last quarter of 2022.

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 the use of the Unutilized Net Proceeds, in the amount of approximately HK\$26.0 million from the Intended Use for the Group’s general working capital and for investment purposes.

The Board is of the view that the change in use of Unutilized Net Proceeds would not materially affect the business of the Group as a whole and would meet the financial needs of the Group more efficiently with regard to the Group’s business operations and investment. The Board believes that the above change is in line with the business strategy of the Group

and will not adversely affect the operation and business of the Group, and that such change in use of Unutilized Net Proceeds is in the interest of the Company and its Shareholders as a whole.

STRATEGIC COOPERATION AGREEMENT

The Board is pleased to announce that on 5 January 2023 (after trading hours), the Company and Zhongwei Supply Chain Co. Limited* (中為供應鏈有限公司) (“**Zhongwei Supply Chain**”) entered into a strategic cooperation agreement (the “**Strategic Cooperation Agreement**”).

The Company and Zhongwei Supply Chain have principally agreed to strategically cooperate in the supply chain business by way of, amongst others, joint establishment of companies, equity and debt investment, acquisition of companies and other investment in the industry. The coverage of the cooperation includes but not limited to broad supply chain business, depth supply chain business and supply chain finance business (“**Supply Chain Businesses**”). Both parties will continue to expand the scope of cooperation according to market conditions and may further explore the mode and direction of cooperation and other matters in relation to cooperation projects.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Zhongwei Supply Chain and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons as defined in the Listing Rules.

BACKGROUND OF ZHONGWEI SUPPLY CHAIN

Zhongwei Supply Chain is a company incorporated in the PRC and is principally engaged in providing supply chain services with an aim to be the leading supply chain service provider in the Greater China region. Zhongwei Supply Chain focuses on the integration of various resources and its businesses are segregated into the Supply Chain Businesses, forming a one-stop integrated supply chain service platform, covering industry chains of modern enterprises (save for research and development and marketing) and providing integrated and comprehensive services for customers’ outsourced businesses.

REASONS FOR AND BENEFITS OF THE STRATEGIC COOPERATION AGREEMENT

With more than 15 years of experience, the Company is principally engaged in the provision of international freight forwarding and logistics services, warehousing and related services.

With detailed market analysis and PRC policy support, we are confident in the outlook of the supply chain industry and the growth prospects of Zhongwei Supply Chain, which has advantages in technologies and services related to Supply Chain Businesses. The Company entered into a Strategic Cooperation Agreement with Zhongwei Supply Chain to explore strategic cooperation opportunities on the basis of promoting the development of both parties.

With strength in logistics services, extensive logistics network, standardized management and service system, global customers confide in the Company. We believe that the strategic cooperation with Zhongwei Supply Chain will propel us in the supply chain industry.

The Directors believe that the terms of the Strategic Cooperation Agreement are fair and reasonable and is in the interest of the Company and its shareholders as a whole.

GENERAL

As of the date of this announcement, the Company and Zhongwei Supply Chain are yet to enter into any definitive agreement and any cooperation between the parties under the Strategic Cooperation Agreement are subject to entering into definitive agreements. Shareholders and potential investors of the Company are advised that transactions pursuant to the Strategic Cooperation Agreement may or may not proceed. The Company will keep shareholders and potential investors of the Company informed and shall announce further developments in accordance with the applicable requirements under the GEM Listing Rules as and when appropriate.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in shares of the Company.

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

Hong Kong, 5 January 2023

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 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 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>.

* *for identification purpose only*