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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)

DISCLOSEABLE TRANSACTION DISPOSAL OF PROPERTY

The Board is pleased to announce that on 7 April 2022, the Vendor, an indirect wholly-owned subsidiary of the Company, has accepted the Option to Purchase made by the Purchaser, pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the Property at a total consideration of RM16,950,000 (equivalent to approximately HK\$31,527,000) subject to the terms and conditions therein.

As the highest applicable percentage ratio in respect of the Disposal is more than 5% but less than 25% under Rule 19.07 of the GEM Listing Rules, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 7 April 2022, the Vendor, an indirect wholly-owned subsidiary of the Company, has accepted the Option to Purchase made by the Purchaser, pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the Property at a total consideration of RM16,950,000 (equivalent to approximately HK\$31,527,000) subject to the terms and conditions therein.

THE DETAILS OF THE DISPOSAL OF THE PROPERTY

A summary of the principal terms of the Option to Purchase is as follows:

- Date: 7 April 2022
- Parties:
- (1) Worldgate Express Services Sdn Bhd, an indirect wholly-owned subsidiary of the Company, as the Vendor
 - (2) MTR Freight Sdn Bhd as the Purchaser
- The Property: The Property is located at Lot 9066, Jalan Udang Gantung, Kampung Telok Gong, 42000 Port Klang, Selangor, Malaysia which comprises a single storey detached factory warehouse with an annexed double storey office building erected on a parcel of land with a total land area of approximately 11,466 sq.m.
- The property was in operation as a storage warehouse prior to the Disposal.
- Consideration: The consideration for the Disposal is RM16,950,000 (equivalent to approximately HK\$31,527,000), which shall be paid by the Purchaser to the Vendor in the following manner:
- (1) RM508,500 (equivalent to approximately HK\$945,810) has been paid upon signing of the Option to Purchase as earnest deposit;
 - (2) RM1,186,500 (equivalent to approximately HK\$2,206,890) shall be paid upon signing the SPA; and
 - (3) the balance in the sum of RM15,255,000 (equivalent to approximately HK\$28,374,300) shall be paid in full within 3 months from the date of the condition precedent under the SPA become unconditional.

The consideration has been determined after arm's length negotiations between the Vendor and the Purchaser by reference to, amongst other things, (a) the prevailing market conditions; (b) the location of the Property; and (c) the market prices of other comparable properties and the prevailing market value of warehouses of similar size and in the vicinity.

SPA: The SPA will be signed by the Vendor and the Purchaser within 14 working days from the acceptance date of the Option to Purchase by the Vendor (i.e. on or before 27 April 2022).

Completion: Completion of the Disposal shall take place within 3 months from the date of signing the SPA. The Vendor shall deliver vacant possession of the Property to the Purchaser within 5 working days after full payment of the Consideration has been made.

INFORMATION ABOUT THE GROUP, THE PARTIES AND THE PROPERTY

The Company is an investment holding company and the Group principally engaged in 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 and manufacturing and trading of plastic products in Vietnam.

The Vendor is an indirect wholly-owned subsidiary of the Company and engages in freight forwarding and warehouse management services.

The Property is a warehouse occupying a land area of approximately 11,466 sq.m located in Selangor, Malaysia. The Property had been used by the Group as a storage warehouse since it was purchased on 20 March 2014. The Property is to be sold to the Purchaser on an "as is" basis.

The Purchaser is a logistics supply chain provider in Malaysia and is ultimately owned as to 50% each by Foo Shiew Khiang and Wong Fok Lim. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Purchaser and their respective ultimate beneficial owner(s) are independent third parties not connected with the Company or its connected persons.

FINANCIAL IMPACT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

The Disposal is expected to enable the Group to recognize a gain of approximately RM3.6 million (equivalent to approximately HK\$6.7 million) (before deducting any related expenses), being the premium of the Consideration over the carrying value of the Property of approximately RM13.4 million (equivalent to approximately HK\$24.8 million) as shown in the unaudited consolidated accounts of the Company as at 31 March 2022.

It is estimated that the net proceeds from the Disposal (after deduction of agency fees, legal fees, mortgage installment and ancillary expenses) would be approximately RM7.2 million (equivalent to approximately HK\$13.4 million). The Company intends to use the net proceeds from the Disposal as general working capital of the Group.

REASONS FOR THE DISPOSAL

Having considered the current market value of the Property (with reference to the market value of similar properties within the same district), alongside with the current property market conditions in Malaysia, as well as taking into account of the current financial position and business operation of the Group, the Board considers that the Disposal, if materialises, represents a good opportunity for the Company to realise the value of the Property at a reasonable price and the proceeds from the Disposal will enable the Group to re-allocate more financial resources on future potential investment opportunities and/or working capital of the Group. The Directors consider that the Disposal will not have a significant impact on the operating business of the Group.

Having considered the above, the Directors are of the view that the terms of the Option to Purchase are on normal commercial terms that are fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio in respect of the Disposal is more than 5% but less than 25% under Rule 19.07 of the GEM Listing Rules, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Worldgate Global Logistics Ltd (盛良物流有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Completion”	completion of the Disposal pursuant to the terms and conditions of the Option to Purchase and the SPA
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consideration”	the consideration of the Disposal, being RM16,950,000, equivalent to approximately HK\$31,527,000
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser pursuant to the Option to Purchase
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) who is(are) independent of and not connected with the Company and its connected persons
“Option to Purchase”	the Option to Purchase dated 7 April 2022 made by the Purchaser and accepted by the Vendor in relation to the Disposal

“Property”	Lot 9066, Jalan Udang Gantung, Kampung Telok Gong, 42000 Port Klang, Selangor, Malaysia
“Purchaser”	MTR Freight Sdn Bhd, a logistics supply chain provider in Malaysia and an Independent Third Party
“RM”	Malaysian Ringgit, the lawful currency of Malaysia
“Share(s)”	ordinary share(s) in the share capital of the Company of HK\$0.1 each
“Shareholder(s)”	the holder(s) of the issued Share(s)
“SPA”	the sale and purchase agreement for the Disposal, which will be signed within 14 working days from the date of signing of the Option to Purchase
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Worldgate Express Services Sdn Bhd, a company incorporated in Malaysia and an indirect wholly-owned subsidiary of the Company
“%”	per cent

For illustrative purposes only, all exchanges of RM into HK\$ has been made at the exchange rate of approximately RM1.00=HK\$1.86 in this announcement. No assurance has been given that RM can be converted into HK\$ at the above rate, or any other rate at all.

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

Hong Kong, 7 April 2022

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 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>.