
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **WORLDGATE GLOBAL LOGISTICS LTD**, you should at once hand the Prospectus Documents, to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). The Prospectus Documents should not, however, be distributed, forwarded or transmitted to, into or from any jurisdiction where to do so might constitute a violation of the relevant local securities laws or regulations.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC and you should consult your stockbroker, a licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

You should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements will affect your rights and interests.

A copy of each of the Prospectus Documents, together with the other document(s) specified in the paragraph headed "16. Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Registrar of Companies in Hong Kong, the Stock Exchange and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of any of the Prospectus Documents or any other document(s) referred to above.

Hong Kong Exchanges and Clearing Limited, HKSCC and the Stock Exchange take no responsibility for the contents of this Prospectus, 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 Prospectus.

WORLDGATE GLOBAL LOGISTICS LTD

盛良物流有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8292)

RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON RECORD DATE ON A NON-UNDERWRITTEN BASIS

Financial adviser to the Company



Placing Agent



Capitalised terms used in this cover page shall have the same meanings as those defined in this Prospectus.

The latest time for acceptance and payment for the Rights Shares is 4:00 p.m. on Monday, 25 October 2021. The procedures for acceptance and transfer of the Rights Shares are set out in the section headed "Procedures for acceptance and payment or transfer" in the "Letter from the Board" of this Prospectus.

It should be noted that the Shares have been dealt in on an ex-rights basis from Tuesday, 28 September 2021. Dealings in the Rights Shares in their nil-paid form will take place from Tuesday, 12 October 2021 to Wednesday, 20 October 2021 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or waived (as applicable), the Rights Issue will not proceed. Any persons contemplating dealings in the Shares prior to the date on which the conditions of the Rights Issue are fulfilled or waived (as applicable), and/or dealings in the nil-paid Rights Shares, are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions. Please refer to the section headed "Conditions of the Rights Issue" in this Prospectus. Shareholders and potential investors of the Company should note that: (a) if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed; and (b) the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Placers under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. The legal adviser of the Company has confirmed that there are no applicable statutory requirements under the laws of the Cayman Islands regarding minimum subscription levels in respect of the Rights Issue. Accordingly, the Rights Issue and the Placing may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

	<i>Page</i>
EXPECTED TIMETABLE	iii
DEFINITIONS	1
LETTER FROM THE BOARD	6
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II — UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III — GENERAL INFORMATION	III-1

EXPECTED TIMETABLE

The expected timetable in respect of the Rights Issue is set out below and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

First day of dealings in Nil Paid Rights Shares 9:00 a.m. on Tuesday,
12 October 2021

Latest time for splitting of the Nil Paid Rights Shares 4:30 p.m. on Friday,
15 October 2021

Last day of dealings in Nil Paid Rights Shares 4:00 p.m. on Wednesday,
20 October 2021

**Latest time for lodging transfer documents of nil-paid
Rights Shares in order to qualify for the
Compensating Arrangements 4:00 p.m. on Monday,
25 October 2021**

**Latest time of acceptance of and payment for the
Rights Shares 4:00 p.m. on Monday,
25 October 2021**

Announcement of the number of the Unsubscribed
Rights Shares and ES Unsold Rights Shares subject to the
Compensatory Arrangements Thursday, 28 October 2021

Commencement of placing of Unsubscribed Rights Shares
and ES Unsold Rights Shares by the Placing Agent Friday, 29 October 2021

Latest time of placing of the Unsubscribed Rights Shares
and ES Unsold Rights Shares by the Placing Agent 6:00 p.m. on Friday,
5 November 2021

Announcement of the results of Rights Issue (including
results of the placing of Unsubscribed Rights Shares and the
ES Unsold Rights Shares and the amount of the Net Gain per
Unsubscribed Rights Share and the ES Unsold Rights Shares
under the Compensatory Arrangements) to be posted on the
Stock Exchange's website and the Company's website Tuesday, 9 November 2021

Refund cheques, if any, to be despatched
(if the Rights Issue is terminated) on or before Monday, 15 November 2021

Certificates for fully-paid Rights Shares to be despatched Monday, 15 November 2021

EXPECTED TIMETABLE

Expected commencement of dealings in fully-paid Rights Shares 9:00 a.m. on Tuesday,
16 November 2021

Payment of the Net Gain to relevant

No Action Shareholders (if any) or

Excluded Shareholders (if any) Wednesday, 24 November 2021

All times and dates in this Prospectus refer to Hong Kong local times and dates.

Dates or deadlines specified in the expected timetable above or in other parts of this Prospectus are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning or “extreme conditions” caused by super typhoons:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Monday, 25 October 2021. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Monday, 25 October 2021. Instead the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the “EXPECTED TIMETABLE” above may be affected. An announcement will be made by the Company in such event as soon as practicable.

DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following terms shall have the following meanings:

“Announcement”	the announcement of the Company dated 29 July 2021 in relation to, among other things, the Rights Issue and the Compensatory Arrangements
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors of the Group
“Business Day”	a day (excluding Saturday and Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular of the Company dated 3 September 2021 in relation to, among other things, the Rights Issue, the Compensatory Arrangements and the EGM
“Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“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
“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement
“Connected Person(s)”	has the meaning ascribed to it under the GEM Listing Rules

DEFINITIONS

“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“COVID-19”	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness
“Director(s)”	the Directors of the Company
“EGM”	an extraordinary general meeting of the Company held on Friday, 24 September 2021 at which, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder have been approved
“ES Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholder(s) in nil-paid form that has/have not been sold by the Company
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“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 Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the EGM under the GEM Listing Rules
“Independent Third Party(ies)”	third party(ies) independent of the Company and any connected person(s) of the Company and not a connected person of the Company

DEFINITIONS

“Intermediary”	in relation to a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the beneficial owner’s broker, custodian, nominee or other relevant person who is a CCASS participant or who has deposited the beneficial owner’s shares with a CCASS participant
“Last Trading Day”	29 July 2021, being the last full trading day before the release of the Announcement
“Latest Practicable Date”	Monday, 4 October 2021, being the latest practicable date before the printing of this Prospectus for the purpose of ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Monday, 25 October 2021, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Net Gain”	any premiums paid by the Placees over the Subscription Price for the Unsubscribed Rights Shares and the ES Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements
“Nil Paid Rights”	rights to subscribe for Rights Shares before the Subscription Price is paid
“No Action Shareholder(s)”	Qualifying Shareholders or their renounees who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s), or such persons who hold any Nil Paid Rights at the time such Nil Paid Rights lapse
“Overseas Shareholder(s)”	the Shareholder(s) (whose names appears on the register of members of the Company at the close of business on the Record Date) with registered address(es) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) issued to the Qualifying Shareholders in connection with the Rights Issue

DEFINITIONS

“Placee(s)”	any individuals, corporate, institutional investor(s) or other investor(s), who is not a Connected Person and whose ultimate beneficial owner(s) shall be the Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agent(s), to subscribe for any of the Unsubscribed Rights Shares and the ES Unsold Rights Shares pursuant to the Placing Agreement
“Placing Agent”	Grand Moore Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Compensatory Arrangements
“Placing Agreement”	conditional placing agreement dated 29 July 2021 entered into between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares and the ES Unsold Rights Shares to the Placee(s) on a best effort basis
“Poll Result Announcement”	the announcement of the Company dated 24 September 2021 in relation to, among other things, the poll result of the EGM
“Prospectus”	this prospectus issued to the Shareholders containing, among other things, details of the Rights Issue
“Prospectus Documents”	collectively, the Prospectus and the PAL and any supplementary prospectus or supplementary provisional allotment letter (if required)
“Prospectus Posting Date”	Friday, 8 October 2021, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders
“Qualifying Shareholders”	Shareholders, other than the Excluded Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	Thursday, 7 October 2021, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are determined

DEFINITIONS

“Registrar”	Boardroom Share Registrars (HK) Limited
“Rights Issue”	the issue of the Rights Shares by way of rights on the basis of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Rights Share(s)”	up to 475,200,000 new Shares
“RM”	Malaysian Ringgit, the lawful currency of Malaysia
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	registered holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.11 per Rights Share under the Rights Issue
“Substantial Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders
“%”	per cent.

For illustrative purposes only, all exchanges of RM into HK\$ (and vice versa) has been made at the exchange rate of approximately RM1.00 = HK\$1.91 in this Prospectus. No assurance has been given that RM can be converted into HK\$ (and vice versa) at the above rate, or any other rate at all.

LETTER FROM THE BOARD

WORLDGATE GLOBAL LOGISTICS LTD

盛良物流有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8292)

Executive Directors:

Mr. Lai Kwok Hei (*Chairman*)

Mr. Chan Kin Ho Philip

Independent Non-executive Directors:

Mr. Wong Siu Keung Joe

Ms. Wong Hoi Yan Audrey

Mr. Ma Kin Hung

Registered Office:

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Principal Place of Business

in Hong Kong:

Unit 5D, 5/F

Hang Cheong Factory Building

No. 1 Wing Ming Street

Kowloon

Hong Kong

8 October 2021

*To: the Qualifying Shareholders and,
for information purpose only, the Excluded Shareholders*

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF
THREE (3) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE
HELD ON RECORD DATE ON A NON-UNDERWRITTEN BASIS**

INTRODUCTION

Reference is made to the Announcement, the Circular and the Poll Result Announcement, in relation to, among other matters, the Rights Issue. On 29 July 2021, the Company proposed to raise up to approximately HK\$52.3 million (before expenses) by way of a rights issue of up to 475,200,000 Rights Shares at the Subscription Price of HK\$0.11 each and on the basis of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date. The Rights Issue is not underwritten and is not extended to the Excluded Shareholder(s) (if any).

The Rights Issue was approved by the Independent Shareholders at the EGM.

LETTER FROM THE BOARD

RIGHTS ISSUE

The Company is implementing the Rights Issue on the basis of three (3) Rights Shares for every one (1) existing Share held on the Record Date at the Subscription Price of HK\$0.11 per Rights Share, to raise up to approximately HK\$52.3 million (before expenses) by issuing up to 475,200,000 Rights Shares to the Qualifying Shareholders. The details of which are summarised below:

Issue statistics

Basis of the Rights Issue	:	three (3) Rights Shares for every one (1) Share held on the Record Date
Subscription Price	:	HK\$0.11 per Rights Share
Number of Shares in issue at the Latest Practicable Date	:	158,400,000 Shares
Number of Rights Shares	:	up to 475,200,000 Rights Shares
Aggregate nominal value of the Rights Shares	:	up to HK\$47,520,000
Number of issued shares of the Company upon completion of the Rights Issue	:	up to 633,600,000 Shares
Maximum funds raised (before expenses)	:	up to approximately HK\$52.3 million (assuming all the Rights Shares will be taken up by the Qualifying Shareholders and/or placed pursuant to the Placing Agreement)

The Group had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares as at the Latest Practicable Date.

The maximum 475,200,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represent: (i) 300% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) 75% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares (assuming all the Rights Shares will be taken up by the Qualifying Shareholders and/or placed pursuant to the Placing Agreement).

LETTER FROM THE BOARD

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. The legal adviser of the Company has confirmed that there are no applicable statutory requirements under the laws of the Cayman Islands regarding minimum subscription levels in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, a Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.

Subscription Price

The Subscription Price of HK\$0.11 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 14.7% to the closing price of HK\$0.129 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 17.9% to the closing price of HK\$0.134 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 16.5% to the average of the closing prices of HK\$0.1318 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 16.9% to the average of the closing prices of HK\$0.1323 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day;

LETTER FROM THE BOARD

- (v) a discount of approximately 5.2% to the theoretical ex-rights price of HK\$0.116 per Share based on the closing price per Share of HK\$0.134 as quoted on the Stock Exchange on the Last Trading Day; and
- (vi) a discount of approximately 79.8% to the unaudited consolidated net asset value per Share of approximately HK\$0.545 (based on the latest published unaudited consolidated net asset value attributable to owners of the Company of approximately RM45.2 million (equivalent to approximately HK\$86.4 million) as at 30 June 2021 as disclosed in the interim report of the Company for the six months ended 30 June 2021 and 158,400,000 Shares in issue as at the Latest Practicable Date).

The Subscription Price of HK\$0.11 per Rights Share was determined with reference to, among other things, (i) the recent market prices of the Shares during the 3 months period prior to entering into the Placing Agreement, which ranged from HK\$0.121 to HK\$0.187, with an average of approximately HK\$0.161; (ii) the current market conditions, in particular, the Hang Seng Index dropped from 28,724.88 on 30 April 2021 by approximately 8.4% to 26,315.32 on 29 July 2021 (being the date of the Placing Agreement); (iii) recent rights issues during the six months period prior to the date of the Placing Agreement in the market, in which the subscription price represented an average and a maximum discount to the respective closing price on last trading day of around 29.0% and 65.0% respectively; and (iv) the amount of funds the Company intends to raise under the Rights Issue as discussed in the section headed “Reasons for the Rights Issue and the use of proceeds” in this Prospectus. The Subscription Price of HK\$0.11 represents a discount of approximately 17.9% to the closing price of the Shares of HK\$0.134 on the Last Trading Day and approximately 31.7% to the recent average Share price of HK\$0.161 as mentioned in (i) above, and such discounts are close to the average discount and far lower than the maximum discount of recent rights issue exercises of 29.0% and 65.0% respectively as mentioned in (iii) above. In addition, the Board considers that in view of recent decrease in Hang Seng Index, together with the uncertainty of local economy due to lingering impact of the COVID-19 pandemic, the discount of the Subscription Price to the Share’s recent trading price has to be attractive in order to incentivize Shareholders’ participation in the Rights Issue and the participation of the Placing Agent under current market conditions shortly after placing of new Shares contemplated in May 2021 and completed in June 2021.

The Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The net price per Rights Share is estimated to be approximately HK\$0.106, if fully subscribed.

LETTER FROM THE BOARD

Basis of provisional allotment

The basis of the provisional allotment shall be three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholder as at the close of business on the Record Date.

The PAL relating to the Rights Shares is enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be an Excluded Shareholder on the Record Date.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company. **If a Qualifying Shareholder does not take up his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

Rights of Overseas Shareholder(s) and Excluded Shareholder(s) (if any)

The Prospectus Documents has not been and will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

Pursuant to Rule 17.41(1) of the GEM Listing Rules, the Directors have made enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges.

Based on the register of members of the Company as at the Record Date, there is only one Overseas Shareholder with a registered address in the British Virgin Islands, who holds 1,000 Shares, representing approximately 0.001% of the issued share capital of the Company. Based on the advice from legal advisers in the British Virgin Islands, the Directors are of the view that it is expedient to extend the Rights Issue to the Overseas Shareholder having a registered address in the British Virgin Islands and such Overseas Shareholder is therefore a Qualifying Shareholder.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in their nil-paid form, to be sold in the

LETTER FROM THE BOARD

market as soon as practicable after dealings in the nil-paid Rights Shares commence, and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, of not less than HK\$100 will be paid pro-rata (rounded down to the nearest cent) to the relevant Excluded Shareholder(s) in Hong Kong dollars. In view of administrative costs, the Company will retain individual amounts of less than HK\$100 for its own benefit.

Any ES Unsold Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form, will be placed by the Placing Agent at the price at least equal to the Subscription Price under the Compensatory Arrangements together with the Unsubscribed Rights Shares. Any Unsubscribed Rights Shares and the ES Unsold Rights Shares remain not placed after completion of the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. For the nil-paid Rights Shares that were sold as described above and the buyer of such nil-paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Excluded Shareholders should exercise caution when dealing in the Shares.

Distribution of the Prospectus Documents

The Company has only sent this Prospectus accompanied by the other Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date. However, to the extent reasonably practicable and legally permitted, the Company has sent this Prospectus, for information purposes only, to the Excluded Shareholders (if any). The Company has not sent any PALs to the Excluded Shareholders (if any).

Distribution of this Prospectus and the other Prospectus Documents into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of the Prospectus Documents (including, without limitation, Shareholders and beneficial owners of the Shares, agents, custodians, nominees and trustees) should inform themselves of and observe any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. Any Shareholder or beneficial owner of the Shares who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay.

LETTER FROM THE BOARD

Receipt of this Prospectus and/or a PAL or the crediting of Nil Paid Rights to a stock account in CCASS does not and will not constitute an offer in any jurisdiction in which it would be illegal to make an offer and, in those circumstances, this Prospectus and/or a PAL must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this Prospectus and/or a PAL or whose stock account in CCASS is credited with Nil Paid Rights should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer the Nil Paid Rights to any person in, into or from, any such jurisdiction. If a PAL or a credit of Nil Paid Rights in CCASS is received by any person in any such territory, or by his/her/its agent or nominee, he/she/it should not seek to take up the rights referred to in the PAL or transfer the PAL or transfer the Nil Paid Rights in CCASS unless the Company determines that such action would not violate any applicable legal or regulatory requirements.

Any person (including, without limitation, agents, custodians, nominees and trustees) who does forward this Prospectus or a PAL in, into or from any such jurisdiction (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

No part of the Prospectus Documents should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the written consent of the Company.

Beneficial owners of the Shares who reside outside Hong Kong should note that the Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, Nil Paid Rights or fully-paid Rights Shares or to take up any entitlements to Nil Paid Rights or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

It is the responsibility of the relevant beneficial owners and/or their respective agents, custodians, nominees or trustees wishing to make an application for the Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including obtaining any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares in issue at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

LETTER FROM THE BOARD

Fractional entitlements to the Rights Shares

On the basis of provisional allotment of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Procedures for acceptance and payment or transfer

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, by not later than 4:00 p.m. on Monday, 25 October 2021 (or, under bad weather conditions, such later time and/or date as mentioned in the section headed “Effect of Bad Weather and/or Extreme Conditions on the Latest Time for Acceptance of and Payment for the Rights Shares” in “Expected Timetable” in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier’s orders which must be issued by, a licensed bank in Hong Kong and made payable to “WORLDGATE GLOBAL LOGISTICS LTD – PAL” and crossed “ACCOUNT PAYEE ONLY”. It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Monday, 25 October 2021, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require the relevant person(s) to complete the incomplete PAL at a later stage. Qualifying Shareholder(s) must pay the exact amount payable upon application for Rights Shares, and any underpaid application will be rejected.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer part or all of their rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Friday, 15 October 2021 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, after 9:00 a.m. on the second Business Day following the surrender of the original PAL. This process is commonly referred to as “splitting” of nil-paid Rights Shares. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares.

LETTER FROM THE BOARD

The PAL contains the full information regarding the procedures to be followed for Qualifying Shareholders who wish to: (i) accept their provisional allotment in full; (ii) accept only part of their provisional allotment; or (iii) renounce/transfer all or part of their provisional allotment to other party/parties. Qualifying Shareholders are advised to study the procedures set out in the PAL carefully.

If any of the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” in this “Letter from the Board” of this Prospectus is not fulfilled at or before 6:00 p.m. on Friday, 5 November 2021 or such later date as may be considered by the Company, the Rights Issue will not proceed. Under such circumstances, the monies received in respect of application for the Rights Shares will be returned to the relevant applicants or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Monday, 15 November 2021.

Cheques and banker’s cashier orders

All cheques and banker’s cashier orders will be presented for payment upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and lodgement of a PAL together with a cheque or banker’s cashier order in payment of the Rights Shares applied for will constitute a warranty that the cheque or banker’s cashier order will be honoured upon first presentation. If any cheque or banker’s cashier order is not honoured upon first presentation, the PAL (as the case may be) is liable to be rejected and/or deemed invalid by the Company in its absolute discretion, and in the case of an acceptance of a Qualifying Shareholder’s assured entitlement, all such assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

Beneficial owners’ instructions to their Intermediary

For beneficial owners whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, if they wish to subscribe for the Rights Shares provisionally allotted to them, or sell their nil-paid Rights Shares or “split” their nil-paid Rights Shares by accepting part of their provisional allotment and selling/transferring the remaining part, they should contact their Intermediary and provide their Intermediary with instructions or make arrangements with their Intermediary in relation to the acceptance, transfer and/or “splitting” of the rights to subscribe for the Rights Shares which have been provisionally allotted to them in respect of the Shares in which they are beneficially interested. Such instructions and the relevant arrangements should be given or made in advance of the relevant dates stated in the “Expected Timetable” in this Prospectus and otherwise in accordance with the requirements of their Intermediary in order to allow their Intermediary sufficient time to ensure that their instructions are given effect. The procedures for acceptance, transfer and/or “splitting” in these cases shall be in accordance

LETTER FROM THE BOARD

with the General Rules of CCASS, the CCASS Operational Procedures and any other applicable requirements of CCASS.

Procedures in respect of Unsubscribed Rights Shares and the ES Unsold Rights Shares and the Compensatory Arrangements

The Company has made arrangements described in Rule 10.31(1)(b) of the GEM Listing Rules to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by offering the Unsubscribed Rights Shares and the ES Unsold Rights Shares to independent Placées for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There is no excess application arrangements in relation to the Rights Issue.

The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares after the Latest Time for Acceptance of the Rights Shares to be allotted and issued under the Rights Issue to independent Placées on a best effort basis. Any premium over the Subscription Price for those Rights Shares that is realised will be paid to the No Action Shareholders and Excluded Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 6:00 p.m. on Friday, 5 November 2021, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the ES Unsold Rights Shares if a premium over the Subscription Price and the expenses of procuring such acquirers (including any related commissions and any other related expenses/fees) can be obtained. Any Unsubscribed Rights Shares and the ES Unsold Rights Shares remain not placed after completion of the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) on pro-rata basis (on the basis of all Unsubscribed Rights Shares and ES Unsold Rights Shares) to the No Action Shareholders and the Excluded Shareholders (but rounded down to the nearest cent) as set out below:

- (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL (unless that person is covered by (iii) below);
- (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS (unless that person is covered by (iii) below); or
- (iii) if the Rights Issue is extended to the Overseas Shareholders and where an entitlement to the Rights Shares was not taken up by such Overseas Shareholders, to that Overseas Shareholders.

LETTER FROM THE BOARD

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in (i) to (iii) above of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders and the Excluded Shareholders may or may not receive any Net Gain.

THE PLACING AGREEMENT

On 29 July 2021 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed as agent of the Company (either by itself or through its sub-placing agents) to procure independent Placees, on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares. Details of the Compensatory Arrangements are as follows:

Date : 29 July 2021 (after trading hours)

Parties : (i) the Company, as issuer; and
(ii) the Placing Agent

Placing Agent : Grand Moore Capital Limited, appointed as the Placing Agent to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares on a best effort basis.

As the Placing Agent is indirectly held as to approximately 33.33% by the Company, it is an associate (as defined in the GEM Listing Rules) of the Company.

Placing Period : The period commencing from Friday, 29 October 2021 and ending on 6:00 p.m. on Friday, 5 November 2021.

Commission and expenses : 1.0% of the amount which is equal to the placing price multiplied by the Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement and reimbursed for the expenses in relation to the placing (including but not limited to legal expenses and other expenses for placing the Unsubscribed Rights Shares and the ES Unsold Rights Shares), which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at completion.

LETTER FROM THE BOARD

- Placing price of each of the Unsubscribed Rights Share and/or the ES Unsold Rights Share (as the case may be) : The placing price of each of the Unsubscribed Rights Share and/or the ES Unsold Rights Share (as the case may be) shall be at least equal to the Subscription Price.
- The final price determination is depended on the demand and market conditions of the Unsubscribed Rights Shares and the ES Unsold Rights during the process of placement.
- Placees : Any individuals, corporate, institutional investor(s) or other investor(s), who is not a Connected Person and whose ultimate beneficial owner(s) shall be the Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agents, to subscribe for any of the Unsubscribed Rights Shares and the ES Unsold Rights Shares pursuant to the Placing Agreement.
- Ranking of the Unsubscribed Rights Shares and the ES Unsold Rights Shares : The Unsubscribed Rights Shares and the ES Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the Latest Practicable Date.
- Conditions Precedent : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions (the “**Conditions**”) being fulfilled (or being waived by the Placing Agent in writing, if applicable):
- (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Rights Shares, including the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares;

LETTER FROM THE BOARD

- (ii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
- (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof. The Placing Agent may, in its absolute discretion, waive the fulfillment of all or any or any part of the Conditions (other than those set out in paragraph (i) above) by notice in writing to the Company.

Termination : The Compensatory Arrangements shall end on Friday, 5 November 2021 or any other date by mutual written agreement between the Placing Agent and the Company.

The engagement of the Placing Agent may also be terminated by the Placing Agent in case of force majeure resulting in the Company and the Placing Agent being unable to fulfill their respective duties and responsibilities under the engagement. However, if during the course of the engagement it has come to the Placing Agent's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Placing Agent, may make it inadvisable to continue the engagement, the Placing Agent shall have the right to terminate the engagement by written notice to the Company with immediate effect.

Completion : Placing completion shall take place at 4:00 p.m. on Monday, 8 November 2021 (or such other date as the Company may announce).

LETTER FROM THE BOARD

The engagement between the Company and the Placing Agent for the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares was determined after arm's length negotiations between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. The Directors consider the terms of the Compensatory Arrangements for the Unsubscribed Rights Shares and the ES Unsold Rights Shares (including the commission payable) are on normal commercial terms.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the ES Unsold Rights Shares to the Company; and (ii) a compensatory mechanism for No Action Shareholders and the Excluded Shareholders, the Directors considers that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

Application for listing

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be in the board lots of 10,000 Rights Shares, which are registered in the register of members of the Company, will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

LETTER FROM THE BOARD

Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Excluded Shareholders (if any) as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue as set out below, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Monday, 15 November 2021.

Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfilment of the following conditions:

- (i) the passing by the Independent Shareholders at the EGM of the necessary resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by no later than the Prospectus Posting Date;
- (ii) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);
- (iii) the delivery to the Stock Exchange and the filing and registration with the Registrar of Companies in Hong Kong respectively one duly certified copy of each of the Prospectus and the PALs (and all other documents required to be attached thereto) in compliance with the Companies (WUMP) Ordinance and the GEM Listing Rules by no later than the Prospectus Posting Date; and

LETTER FROM THE BOARD

- (iv) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus to the Excluded Shareholders, if any, for information purpose only by the Prospectus Posting Date.

The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions by the respective dates specified above. As at the date of this Prospectus, conditions (i), (iii) and (iv) as stated above have been fulfilled. None of the conditions above are waiveable.

As the proposed Rights Issue is subject to the above conditions, it may or may not proceed. Shareholders and public investors are advised to exercise caution when dealing in the securities of the Company.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this Prospectus. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

Any dealings in the Shares up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURES

Set out below is the shareholding structure of the Company, assuming there is no change in the issued share capital of the Company before completion of the Rights Issue other than the allotment and issue of the Rights Shares pursuant to the Rights Issue, (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders; (iii) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and none of Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent; and (iv) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent:

	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and none of Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Substantial Shareholders								
Noble Might Limited	20,000,000	12.62	80,000,000	12.62	20,000,000	12.62	20,000,000	3.16
Crown World Investments Limited	16,000,000	10.10	64,000,000	10.10	16,000,000	10.10	16,000,000	2.52
Public								
Independent Places	-	-	-	-	-	-	475,200,000	75.00
Other Public Shareholders	122,400,000	77.28	489,600,000	77.28	122,400,000	77.28	122,400,000	19.32
Total	158,400,000	100.00	633,600,000	100.00	158,400,000	100.00	633,600,000	100.00

LETTER FROM THE BOARD

Note: As stated in the paragraph headed “Non-Underwritten basis” in this Prospectus, as the Rights Issue will proceed on a non-underwritten basis, a Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules. The Company, together with the Placing Agent, will take all appropriate steps to ensure that sufficient public float be maintained upon completion of the Rights Issue in compliance with Rule 11.23(7) of the GEM Listing Rules.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

Assuming (i) there is no other change in the issued share capital of the Company before the completion of the Rights Issue; and (ii) all the Rights Shares will be taken up and/or placed pursuant to the Placing Agreement, the expected gross proceeds, net proceeds and net price per Rights Share from the Rights Issue are set out below:

	<i>HK\$</i> <i>(approximately)</i>
Gross proceeds	52.3 million
Net Proceeds	50.5 million
Net price per Rights Share	0.106

The Company is an investment holding company and the Group is 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.

Before contemplating the Rights Issue, the Board has considered the following factors, including (a) the funding needs of the Group to fulfill customers’ demand in the Group’s Hong Kong logistics services business; (b) the intended use of proceeds; and (c) the reasons for contemplating the Rights Issue and other fund-raising alternatives considered by the Company.

(a) The funding needs of the Group to fulfill customers’ demand in the Group’s Hong Kong logistics services business

As set out in the Company’s annual report for the year ended 31 December 2019 and the Company’s announcement dated 12 November 2019 in relation to change in use of proceeds from its listing, the Company has implemented the logistics services business in Hong Kong with the intention to provide potential Chinese and international clients with widen global

LETTER FROM THE BOARD

logistics solutions. Shortly after the commencement of the Group's logistics services business in Hong Kong in late 2019, this segment has already recorded positive earnings before interest, taxes, depreciation and amortization (EBITDA) and made positive contributions to the Group's financial results. The management of the Company observed an increasing demand for logistics services arising from a shift of buying habits in consumers from traditional brick and mortar retail shops to e-commerce platforms since the outbreak of COVID-19 due to implementation of related restrictions such as lockdown, social distancing rules, etc. In order to capitalize on this opportunity, the Company intends to further expand its market share by providing logistics services to its customers in the e-commerce industry. In that connection, the Group has procured a number of memorandums of understanding (the "MOUs") from both existing and prospective new customers with regards to their intended volume of orders to be placed with the Group. Due to the nature of its operations, the Group has to (i) experience mismatch in credit periods of its payables and receivables from its suppliers and customers respectively with its payables due for payment in much shorter timeframe when compared with the corresponding revenue generating receivables (in line with market practice, the Group receives freight income from customers roughly 2 months after the Group incurs and pays freight charge to the freight carriers); and (ii) pre-pay for various expenses such as the taxes, customs duties and miscellaneous charges on its customers' behalf (in line with industry practice, the Group pre-pays custom duty and value added tax on behalf on customers and receives it from customer roughly one month later). In the event that the indicative volume as illustrated in the MOUs is to be fulfilled, the management of the Company projected there will be a shortage of working capital of roughly HK\$60.0 million. The Group expects to settle the difference between the maximum net proceed of approximately HK\$50.5 million and the projected shortage of working capital of around HK\$9.5 million by internal resources, if available. The Group has no intention to conduct further fundraising activities in relation to the MOUs. In the event the Group has insufficient internal resources or the Rights Shares are not fully taken up, the Group will not fulfill the full amount of the indicative volume in the MOUs and will only accept order according to the available working capital of the Group.

In addition, in order to offer efficient logistics solutions at competitive prices, the Group has negotiated with its suppliers (mainly major international freight carriers) and its suppliers have indicated their willingness to offer discount pricing on a bulk-order basis with decreasing unit fee as volume reaches certain scales. By receiving bulk discount from suppliers as a result of the expected increase in business volume from the MOUs, the Company is expected to be able to lower its per unit costs and generate even higher profit margin. After capturing the business opportunities arising from the MOUs, the Group is expected to enhance its profitability and its working capital base. In the longer term, coupled with the expected further bulk discount from suppliers, the enhanced working capital base together with an enhanced client portfolio from the MOUs are expected to enable the Group to capture further logistic service market share and grow its customer base and business volume. The compound effect of enhanced working capital and higher profit margin will allow organic growth of the Group's logistic service business.

LETTER FROM THE BOARD

(b) The intended use of proceeds

It is estimated that the Company will raise up to approximately HK\$52.3 million (before expenses) from the Rights Issue and the relevant expenses would be approximately HK\$1.8 million (assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent), which includes placing commission and other fees and expenses payable to financial advisers, legal advisers, financial printer and other parties involved in the Rights Issue.

The estimated net proceeds from the Rights Issue will accordingly be approximately HK\$50.5 million (assuming the Rights Issue is fully subscribed by the Qualifying Shareholders or placed pursuant to the Placing Agreement). The Company intends to apply the net proceeds from the Rights Issue as working capital for the expansion in its logistics services business in Hong Kong as mentioned above.

(c) The reasons for contemplating the Rights Issue and other fund-raising alternatives considered by the Company

Apart from the Rights Issue, the Directors have considered other debt or equity fundraising alternatives such as bank borrowings, placing of new Shares or convertible debt securities or an open offer.

The Directors note that bank borrowings, if available, carry continual interest expenses during the entire term of the loan, and create pressure on the liquidity of the Company as the outstanding principal would eventually be required to be repaid while having a negative impact the Group's gearing position. As set out in the interim report 2021 for the six months ended 30 June 2021 published by the Company on 13 August 2021, the Company recorded total borrowings (comprising bank borrowings and lease liabilities) of approximately RM14.9 million (approximately HK\$28.5 million), and the Group's gearing ratio as at 30 June 2021 was approximately 31.9%. If the Company decided to meet the funding needs by debt financing, the Company's hypothetical gearing ratio would be approximately 90.4% as at 30 June 2021, assuming all the gross proceeds can be raised by debt financing. Also, any sizeable bank borrowings would normally result in the lender requiring pledge of certain asset in its favour as security which the Group is unable to provide from its Hong Kong operations.

On the other hand, placing of new Shares would immediately dilute the shareholding interests of existing Shareholders without giving them the opportunity to take part in the exercise while placing of convertible debt securities would subject the Company to additional interest expenses while creating financial burden should the holder of such convertible debt security elect not to exercise the conversion right, or result in dilution to the shareholding interests of existing Shareholders should the conversion right be exercised.

As opposed to a rights issue, an open offer would not allow the Shareholders to sell the nil-paid rights in the market if they so wish.

LETTER FROM THE BOARD

Despite the above, the management of the Group had still attempted to explore the possibility of obtaining bank borrowings, placing of new Shares or convertible securities or open offer of comparable size to the Rights Issue with the Group's principal banker and securities brokerages in Hong Kong. After such exploration with the Group's sole principal banker in Hong Kong and two securities brokerages, the Group concluded that these financing alternatives are considered not feasible as (i) the Group failed to receive any response from its principal banker in Hong Kong likely due to the proposed size of the debt financing and that the Group is unable to provide meaningful security in favor of the bank; (ii) the proposed size of the fund raising is significant compared to the Company's market capitalization of roughly HK\$20 million as at the date of the Announcement; (iii) for a securities brokerage which is willing to act as placing agent for equity fund raising, the placing commission is 4.0%, which is way above that as stated in the Placing Agreement of 1%; and/or (iv) lack of favorable response on placing of convertible debt securities.

The Rights Issue on the other hand will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group while placing of new Shares will immediately dilute the shareholding interests of existing Shareholders. Based on the reasons mentioned above, the Directors further consider that the Rights Issue is in the best interests of the Company and the Shareholders as a whole, and that the Rights Issue is an appropriate fundraising method to strengthen the capital base of the Company, which in turn will support the Company's continuing development and business growth, while at the same time allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company. In addition, the Company has preliminarily consulted securities brokerages (including the Placing Agent) for underwriting the Rights Issue but it has not received any favourable feedback. Given the lack of available alternatives, the Company ultimately decided to propose the Rights Issue on non-underwritten basis and to adopt the Compensatory Arrangements simultaneously in order to procure the necessary funding to finance the Group's business expansion as mentioned above.

The Group has considered various rights issue ratios and the ratio of 3 Rights Shares for every 1 Share held on the Record Date has been arrived at after taking into account (i) the Subscription Price and the basis of arriving at the Subscription Price as detailed in the paragraph headed "Subscription Price" in this Prospectus; and (ii) the reasons for the Rights Issue and the use of proceeds as detailed in the section headed "Reasons for the Rights Issue and the use of proceeds" in this Prospectus. The currently proposed 3-to-1 ratio, coupled with the Subscription Price, will enable the Group to have sufficient working capital to capture almost all of the business opportunities arising from the MOUs without any excess capital from a higher offering basis which implies higher financial burden for participating Shareholders or higher dilution to the No Action Shareholders. Accordingly, the Directors consider the offering basis adopted for the Rights Issue is in the best interest to the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

(d) Conclusions with regards to rationale of the Rights Issue

Having considered (i) the new business opportunities arising out of customer driven demand as indicated in the MOUs would allow the Group to expand its market share in the Hong Kong logistics services business benefited from the growing importance of e-commerce under the ongoing COVID-19 pandemic; (ii) it is envisaged that the Group can achieve better financial performance from both increase in revenue from the new business opportunities together with decrease in unit cost as a result of the bulk discount as indicated by the Group's suppliers; (iii) leveraging on the Group's expertise in the logistics services business, the Group's Hong Kong logistics services segment already recorded positive earnings before interest, taxes, depreciation and amortization (EBITDA) shortly after its commencement in late 2019 so that the Board considers it desirable to further expand this segment by way of fulfilling the customer driven demand for its logistics services; (iv) infeasibility and drawbacks of the other fund-raising alternatives together with the unfavourable feedback of underwriting services; and (v) the proposed terms of the Rights Issue and the Subscription Price, the Board considers that it is in the interests of the Company and the Shareholders as a whole to proceed with the Rights Issue with the Compensatory Arrangements. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholder(s) (if any) should note that their shareholdings will be diluted.**

EQUITY FUNDRAISING ACTIVITIES IN THE PAST 12 MONTHS

Save as disclosed below, the Company had not conducted any equity fundraising activities in the 12 months immediately preceding the date of this Prospectus.

Date of announcement	Fund raising activity	Net Proceeds raised	Proposed use of proceeds	Actual use of proceeds
12 October 2020	Subscription of Shares under general mandate	HK\$1.1 million	General working capital	Utilized as intended
26 February 2021	Placing of Shares under general mandate	HK\$1.9 million	General working capital	Utilized as intended
31 May 2021	Placing of Shares under general mandate	HK\$3.8 million	General working capital	Approximately HK\$1.4 million has been utilized as general working capital (<i>Note</i>)

Note: The remaining proceeds are expected to be fully utilized by end of April 2022.

LETTER FROM THE BOARD

RISK FACTORS

In compliance with the GEM Listing Rules, the Company sets out below the risk factors of the Group for the Shareholders' attention. The Directors believe that there are certain risks involved in the operations of the Group which include, but do not limit to, the following:

Business risks relating to the Group

(1) Reliance on key personnel

The effective operations and future success of the Group's business are depending, to a significant extent, on the capability, experience and continued efforts of our key management personnel. If the Group is unable to attract, retain and motivate the necessary key management personnel, the business and operation conditions of the Group may be disrupted and the results and financial positions of the Group may be materially or adversely affected.

(2) Reliance on close relationship with the Group's customers

The success of the Group relies heavily on good relationship with its customers. If the Group fails to maintain the current level of business relationship with its customers, the sales, financial condition and operating results of the Group may be adversely affected.

(3) Major financial risk exposed to the Group

The Group is exposed to financial risks, including credit, interest rate, liquidity and other price risks. The Group actively and regularly reviews these risks and will adopt measures, if needed, to control and mitigate these risks.

Risks relating to politics, economics and regulations

The business operations of the Group are primarily based in Malaysia, Hong Kong and Vietnam. Accordingly, the Group's operations and prospects could be adversely affected by economic, political and legal developments in Malaysia, Hong Kong and Vietnam. Any changes in the political and economic policies/environments of Malaysia, Hong Kong and Vietnam (including, but not limited to, government policies, political instability, expropriation, laws, labour activism, war, civil unrest, terrorism, and changes in interest rates, foreign exchange rates, taxation, environmental regulations and import and export duties and restrictions) may adversely affect the Group's business and operations as well as its ability to sustain its expansion strategies and thus future growth.

LETTER FROM THE BOARD

Risks relating to the Share price

The price and trading volume of the Shares are determined by demand and supply of investors for the Shares in the public market price and may be highly volatile. Factors such as variations in the Group's revenue, earnings and cash flows, changes in or challenges to its business, announcements of new investments, acquisitions or disposals, the depth and liquidity of the market for the Shares, investors' perceptions of the Group and general political, economic, social and market conditions both globally and in Malaysia, Hong Kong or Vietnam could cause the market price of the Shares to change substantially.

Risks relating to the Rights Issue

As the Rights Issue proceeds as intended, the interest of the existing Shareholders will be diluted if they do not or cannot, as the case may be, subscribe for the Rights Shares which they are entitled to.

Additional risks

Additional risks and uncertainties not presently known to the Directors, or not expressed or implied above, or otherwise deemed immaterial by the Directors as at the Latest Practicable Date, may also adversely affect the Group's business in a material aspect.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

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

1. SUMMARY OF FINANCIAL INFORMATION

The audited financial information of the Company are disclosed in the annual reports of the Company for the years ended 31 December 2018 (page 49 to 109), 2019 (page 46 to 111) and 2020 (page 47 to 111), which are published on 28 March 2019, 31 March 2020 and 30 March 2021, respectively. The unaudited financial information of the Company are disclosed in the quarterly report of the Company for the three months ended 31 March 2021 (page 2 to 11) and the interim report of the Company for the six months ended 30 June 2021 (page 2 to 17), which are published on 14 May 2021 and 11 August 2021 respectively. The above mentioned financial information is available on the website of the Company at www.worldgate.com.hk and the website of the Stock Exchange at www.hkexnews.hk:

- (a) the annual report of the Company for the year ended 31 December 2018 in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0328/gln20190328541.pdf>);
- (b) the annual report of the Company for the year ended 31 December 2019 in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0331/2020033100803.pdf>);
- (c) the annual report of the Company for the year ended 31 December 2020 in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0330/2021033001168.pdf>);
- (d) the first quarterly report of the Company for the three months ended 31 March 2021 in relation to the financial information of the Group for the same period (<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0514/2021051401495.pdf>); and
- (e) the interim report of the Company for the six months ended 30 June 2021 in relation to the financial information of the Group for the same period (<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0813/2021081301076.pdf>).

2. STATEMENT OF INDEBTEDNESS

Indebtedness

As at the close of business on 31 August 2021, being the latest practicable date for the purpose of this indebtedness statement, the Group had bank borrowings of approximately RM12,899,000, lease liabilities of approximately RM1,772,000 and bank overdraft of approximately RM828,000. Included in bank borrowing amounting to RM10,617,000 and bank overdraft amounting to RM828,000 are secured by freehold land and building, ownership interest in leasehold land, sale contracts and a corporate guarantee of the Company. The remaining balances are unsecured and unguaranteed.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, at the close of business on 31 August 2021, the Group did not have any loan capital issued and outstanding or agreed to be issued, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL STATEMENT

The Directors, after due and careful consideration, are of the opinion that in the absence of unforeseeable circumstances, after taking into account the estimated net proceeds from the Rights Issue, its presently available financial resources, including funds internally generated from operation and the available facilities, the Group will have sufficient working capital for its operation for at least the next twelve (12) months from the date of this Prospectus.

4. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. BUSINESS TREND, FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group aims to strengthen its position as an integrated logistics solution service provider in both Hong Kong and Malaysia. The Directors believe that there are (i) still plenty of room for growth for business in Penang given the fact that companies continue to set up new manufacturing plants in Penang; (ii) new business opportunities in Malacca, Johor and border of Thailand upon opening up of the borders of the ASEAN countries; and (iii) new business opportunities with Chinese and international clients with widening the borders of the ASEAN countries. To achieve this, the Group intends to further expand its business in major gateways of Malaysia and China and expand the scope of services to cover cross border trucking, haulage and rail freight.

The Group has attracted a new customer which is a forwarding agent of a world leading multinational engineering and electronics company headquartered in Germany. It is expected that the new customer will generate recurring business and it may have a positive impact on our revenue. Besides, the Group has an intention to expand the logistics business in Hong Kong in order to absorb more Chinese and international clients. The Board is of the view that the logistics business will broaden its revenue base. It is expected that it may also improve the capital usage efficiency of the Company and generate additional investment returns on the idle funds of the Company.

The board is of view that the manufacturing and trading of plastic products business in Vietnam acquired in January 2021 provides an opportunity to further diversify the Group's business and will expand and create synergy effect with the Group's existing business.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2021 (the “**Unaudited Pro Forma Financial Information**”) which has been prepared by the directors of the Company in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”), with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and on the basis of the notes set out below for the purpose of illustrating the effects of the Rights Issue on the unaudited consolidated net tangible assets of the Group as if the Rights Issue had taken place on 30 June 2021.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company had the proposed Rights Issue been completed as at 30 June 2021 or at any future date.

The following Unaudited Pro Forma Financial Information of the adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2021, extracted from the published interim report of the Group for the six months ended 30 June 2021, with adjustment described below:

			Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share immediately after completion of the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share before completion of the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share immediately after completion of the Rights Issue	
	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2021 RM'000 (Note 1)	Unaudited estimated net proceeds from the Rights Issue RM'000 (Notes 2 & 5)	Unaudited pro forma adjusted tangible assets attributable to owners of the Company as at 30 June 2021 RM'000 (Note 3)	Unaudited pro forma adjusted tangible assets attributable to owners of the Company per Share before completion of the Rights Issue RM (Note 3)	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share immediately after completion of the Rights Issue RM (Note 4)	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share immediately after completion of the Rights Issue HK\$ (Note 5)
Based on 475,200,000 Rights Shares at subscription price of HK\$0.11 per Rights Share	44,616	26,996	71,612	0.28	0.11	0.21

Notes:

- (1) The unaudited consolidated net tangible assets attributable to owners of the Company as at 30 June 2021 has been extracted from the published interim report of the Company for six months ended 30 June 2021 adjusted by goodwill of approximately RM604,000.
- (2) The estimated net proceeds from the Rights Issue are based on 475,200,000 Rights Shares to be issued at the Subscription Price of HK\$0.11 per Rights Share, equivalent to RM0.06 per Rights Share and after deducting estimated related expenses, including among others, legal and professional fees, which are directly attributable to the Rights Issue, of approximately HK\$1,800,000.
- (3) The unaudited consolidated net tangible assets of the Group per share attributable to the owners of the Company before the completion of the Rights Issue is determined based on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2021 of approximately RM44,616,000 as disclosed in note 1 above, divided by 158,400,000 shares of the Company in issue as at 30 June 2021.
- (4) The unaudited pro forma adjusted consolidated net tangible assets of the Group after the completion of the Rights Issue per share is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2021 for the Rights Issue of approximately RM71,612,000 divided by Shares which comprise 158,400,000 Shares in issue as at 30 June 2021 and 475,200,000 Rights Shares to be issued after the completion of the Rights Issue assuming the Rights Issue had taken place on 30 June 2021.
- (5) For the purpose of presentation of the unaudited pro forma financial information, the exchange rate adopted is RM1 = HK\$1.8696.

No representation is made that the amounts in Malaysian Ringgit (“**RM**”) were or could have been or could be converted into Hong Kong dollars (“**HK\$**”) and/or that amounts in HK\$ were or could have been or could be converted into RM at such rate or any other exchange rates.

- (6) No adjustment has been made to reflect any trading results or other transactions of the Group subsequent to 30 June 2021.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF WORLDGATE GLOBAL LOGISTICS LTD

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of WORLDGATE GLOBAL LOGISTICS LTD (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (“**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of consolidated net tangible assets as at 30 June 2021, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out in Appendix II of the Prospectus issued by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix II of this Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the basis of three rights share at the subscription price of HK\$0.11 per rights share (the “**Rights Share**”) for every one existing share held on the record date (the “**Rights Issue**”) as if the transaction had taken place as at 30 June 2021. As part of this process, information about the unaudited consolidated statement of financial position of the Group as at 30 June 2021, as extracted by the Directors from the Company’s interim report for six months ended 30 June 2021, on which no audit report has been published.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“**GEM Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Our firm applies Hong Kong Standard on Quality Control 1 “Quality

Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in a circular is solely to illustrate the impact of the significant transaction on consolidated net tangible assets of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2021 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Elite Partners CPA Limited

Certified Public Accountants

Lock Kwong Hang, Simon

(Practising Certificate No: P06735)

Hong Kong, 8 October 2021

1. RESPONSIBILITY STATEMENT

This Prospectus, 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus 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 Prospectus misleading.

2. SHARE CAPITAL AND OPTIONS**(a) Share capital**

Assuming there is no change in the issued share capital of the Company from the Latest Practicable Date to completion of the Rights Issue and all the Rights Shares will be taken up and/or placed pursuant to the Placing Agreement, the authorised and issued share capital of the Company as at the Latest Practicable Date were, and immediately following completion of the Rights Issue will be, as follows:

(I) As at the Latest Practicable Date

	Number of Shares	Nominal value of ordinary Shares HK\$
Authorised:		
Ordinary shares of HK\$0.10 each	<u>1,000,000,000</u>	<u>100,000,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.10 each	<u>158,400,000</u>	<u>15,840,000</u>

(II) Immediately following the completion of the Rights Issue

	Number of Shares	Nominal value of ordinary Shares HK\$
Authorised:		
Ordinary shares of HK\$0.10 each	<u>1,000,000,000</u>	<u>100,000,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.10 each	158,400,000	15,840,000
Rights Shares to be issued pursuant to the Rights Issue of HK\$0.10 each (assuming the Rights Issue is fully subscribed or placed pursuant to the Placing Agreement)	<u>475,200,000</u>	<u>47,520,000</u>
Shares in issue immediately after completion of the Rights Issue	<u><u>633,600,000</u></u>	<u><u>63,360,000</u></u>

All the issued Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital. The Rights Shares to be allotted and issued will, when issued and fully paid, rank *pari passu* in all respects with the existing Shares in issue on the date of allotment of the Rights Shares in fully-paid form.

The Company has applied to the Listing Committee for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

None of the capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option.

(b) Share options

The Company has adopted the share option scheme by written resolutions passed by the Shareholders on 17 June 2016. Under the terms of share option scheme, the Board may in its absolute discretion specify such conditions as it thinks fit when granting an option to an eligible person (including, without limitation, as to any minimum period an option must have been held or the minimum period of service or relationship with any member of the Group to be achieved before an option can be exercised (or any part thereof), to the extent of the option which can be exercised at any material time, or any performance criteria which must be satisfied by the eligible person, the Company, and its subsidiaries, before an option may be exercised).

The purpose of the share option scheme is to advance the interests of the Company and the Shareholders by enabling the Company to grant options to attract, retain and reward the eligible persons and to provide the eligible persons an incentive or reward for their contribution to the Group and by enabling such persons' contribution to further advance the interests of the Group.

The Share Option Scheme is valid and effective for a period of ten years commencing on the date of adoption of the Share Option Scheme. As at the Latest Practicable Date, there were a total of 8,000,000 Shares, representing approximately 5.1% of the issued Shares, available for issue under the Share Option Scheme. Since the Share Option Scheme came into effect, no share options were granted, exercised or cancelled by the Company.

3. DISCLOSURE OF INTERESTS**(a) Director's and chief executive's interests in the Company**

As at the Latest Practicable Date, none of the Directors and the chief executives of the Company has any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange, pursuant to the GEM Listing Rules relating to securities transactions by the Directors.

(b) Interests and short positions of Substantial Shareholders

As at the Latest Practicable Date, the interests and short positions of Substantial Shareholders and other persons (not being a Director or chief executive of the Company) in the shares and underlying shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Name of shareholders	Capacity/ Nature of interest	Number of Shares held⁽¹⁾	Percentage of shareholding
JL Investments Capital Limited (“ JL Investments ”)	Person having a beneficial interest in shares ⁽²⁾	10,530,000 (L)	6.65%
Mr. Lau Chi Yuen, Joseph (“ Mr. Lau ”)	Interest in controlled corporation ⁽²⁾	10,530,000 (L)	6.65%
Crown World Investments Limited (“ Crown World ”)	Person having a beneficial interest in shares ⁽³⁾	16,000,000 (L)	10.10%
Mr. Zhong Xian Wen (“ Mr. Zhong ”)	Interest in controlled corporation ⁽³⁾	16,000,000 (L)	10.10%
Noble Might Limited (“ Noble Might ”)	Person having a beneficial interest in shares ⁽⁴⁾	20,000,000 (L)	12.62%
Ms. Chan Ka Wai (“ Ms. Chan ”)	Interest in controlled corporation ⁽⁴⁾	20,000,000 (L)	12.62%

Notes:

1. The letter “L” denotes the person’s long position in the relevant Shares.
2. JL Investments is a company owned as to 100% by Mr. Lau. By virtue of the SFO, Mr. Lau is deemed to be interested in 10,530,000 Shares held by JL Investments.
3. Crown World is a company owned as to 100% by Mr. Zhong. By virtue of the SFO, Mr. Zhong is deemed to be interested in 16,000,000 Shares held by Crown World.
4. Noble Might is a company owned as to 100% by Ms. Chan. By virtue of the SFO, Ms. Chan is deemed to be interested in 20,000,000 Shares held by Noble Might.

Save as disclosed above and as at the Latest Practicable Date, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO. None of the Directors is a director or employee of any Substantial Shareholder of the Company.

4. DIRECTORS' INTERESTS IN CONTRACT AND ASSET

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which had since 31 December 2020 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to the Group, or were proposed to be acquired or disposed of by or leased to the Group. As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or be determinable by the Group within one year without payment of compensation, other than statutory compensation.

6. COMPETING INTEREST

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors, Substantial Shareholders or any of their respective close associates had any interest in business which competes with or may compete with the business of the Group or had any other conflict which any person has or may have with the Group.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, claim or arbitration of material importance and there was no litigation, claim or arbitration of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

The following material contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this Prospectus and are or may be material:

- (i) the conditional sale and purchase agreement dated 24 February 2020 entered into by Pacific Express Limited, a wholly-owned subsidiary of the Company, and Crown World Investments Limited, a company incorporated in British Virgin Islands with limited liability, in respect of the acquisition of interest in Grand Moore Capital Limited, a company incorporated in Hong Kong with limited liability and a corporation licensed by the SFC to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, by Pacific Express

Limited through the purchase of 5,450,000 shares of Grand Moore Capital Limited, which represents one-third of the entire issued share capital of Grand Moore Capital Limited, from Crown World Investments Limited at the consideration of HK\$11.6 million;

- (ii) the conditional subscription agreement dated 12 October 2020 entered into between Company as issuer and Win All Management Limited, a company incorporated in the British Virgin Islands with limited liability, as subscriber for the subscription of 40,000,000 Shares, the gross proceeds of the subscription amounted to approximately HK\$1.2 million;
- (iii) the conditional sale and purchase agreement dated 17 November 2020 and entered into by Worldgate International Investments Limited, a wholly owned subsidiary of the Company, and Ms. Chan Ka Wai in respect of the acquisition of 5,100 shares of China Elegant Limited, a company incorporated in Hong Kong with limited liability, which represents 51% of the entire issued share capital of China Elegant Limited at the consideration of HK\$6.6 million;
- (iv) the agreement entered into between Astrum Capital Management Limited and the Company dated 26 February 2021 in relation to the best-effort placing of up to 12,000,000 Shares on the terms and subject to the condition set out in the agreement, the gross proceeds from the placing amounted to approximately HK\$1.90 million;
- (v) the agreement entered into between Grand Moore Capital Limited and the Company dated 31 May 2021 in relation to the best-effort placing of up to 26,400,000 Shares on the terms and subject to the condition set out in the agreement, the gross proceeds from the placing amounted to approximately HK\$3.96 million; and
- (vi) the Placing Agreement.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this Prospectus or have given opinions, letters or advices contained in this Prospectus:

Name	Qualification
Elite Partners CPA Limited	Certified Public Accountant

As at the Latest Practicable Date, the above expert had no shareholding, directly or indirectly, in the Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company.

As at the Latest Practicable Date, the above expert had no interest, direct or indirect, in the promotion of, or in any assets which since 31 December 2020, the date to which the latest published audited financial statements of the Company were made up, have been acquired or disposed of by or leased to, the Company, or are proposed to be acquired or disposed of by or leased to the Company.

As at the Latest Practicable Date, the above expert had given and had not withdrawn their written consent to the issue of this Prospectus, with the inclusion of the references to their name and/or their opinion or report in the form and context in which they are included.

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Executive Directors

Mr. Lai Kwok Hei (*Chairman*)
Unit 5D, 5/F, Hang Cheong Factory Building
No. 1 Wing Ming Street
Kowloon
Hong Kong

Mr. Chan Kin Ho Philip
(*Chief Executive Officer*)
Unit 5D, 5/F, Hang Cheong Factory Building
No. 1 Wing Ming Street
Kowloon
Hong Kong

Independent non-executive Directors

Ms. Wong Hoi Yan Audrey
Unit 5D, 5/F, Hang Cheong Factory Building
No. 1 Wing Ming Street
Kowloon
Hong Kong

Mr. Wong Siu Keung Joe
Unit 5D, 5/F, Hang Cheong Factory Building
No. 1 Wing Ming Street
Kowloon
Hong Kong

Mr. Ma Kin Hung
Unit 5D, 5/F, Hang Cheong Factory Building
No. 1 Wing Ming Street
Kowloon
Hong Kong

Compliance officer

Mr. Chan Kin Ho Philip

Authorised representatives	Mr. Lai Kwok Hei Unit 5D, 5/F, Hang Cheong Factory Building No. 1 Wing Ming Street Kowloon Hong Kong
	Mr. Shum Shing Kei Unit 5D, 5/F, Hang Cheong Factory Building No. 1 Wing Ming Street Kowloon Hong Kong
Company secretary	Mr. Shum Shing Kei
Registered office	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Headquarter and principal place of business in the Malaysia	No. 42, Jalan Puteri 2/2 Bandar Puteri Puchong 47100 Puchong Selangor Darul Ehsan Malaysia
Principal place of business in Hong Kong	Unit 5D, 5/F, Hang Cheong Factory Building No. 1 Wing Ming Street Kowloon Hong Kong
Principal share registrar and transfer office in the Cayman Islands	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Branch share registrar and transfer office in Hong Kong	Boardroom Share Registrars (HK) Limited Room 2103B, 21/F 148 Electric Road North Point Hong Kong

Principal bankers	DBS Bank (Hong Kong) Limited Basement & G/F, The Center 99 Queen's Road Central Central Hong Kong
	Malayan Banking BHD No. 30 & 32, Jalan PJS 11/28a Bandar Sunway 46150 Petaling Jaya Selangor
	Public Bank BHD No. 21–23, Jalan SS 25/23 Taman Mayang 47301 Petaling Jaya Selangor
	Alliance Bank Malaysia BHD 11 & 13, Jalan Puteri 2/1 Bandar Puteri 47100 Puchong Selangor
Auditors	Elite Partners CPA Limited <i>Certified Public Accountants</i> 10/F., 8 Observatory Road Tsim Sha Tsui Hong Kong
Stock code	8292
Company's website	www.worldgate.com.hk
Financial adviser to the Company	Grand Moore Capital Limited Unit 1607, 16/F., Silvercord Tower 1 30 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong
Placing Agent to the Company	Grand Moore Capital Limited Unit 1607, 16/F., Silvercord Tower 1 30 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong

Independent financial adviser to the independent board committee and the independent Shareholders of the Company	Amasse Capital Limited Room 1201, Prosperous Building 48–52 Des Voeux Road Central Hong Kong
Legal advisers to the Company as to Hong Kong laws	C&T Legal LLP 22/F, Shum Tower 268 Des Voeux Road Central Sheung Wan, Hong Kong
Legal advisers to the Company as to Cayman Island laws	Conyers Dill & Pearman 29th Floor, One Exchange Square 8 Connaught Place Central, Hong Kong
Legal advisers to the Company as to British Virgin Islands laws	Walkers (Hong Kong) 15th Floor, Alexandra House 18 Chater Road Central, Hong Kong

11. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Executive Directors

Mr. Lai Kwok Hei (“Mr. Lai”), aged 36, was appointed as an executive Director on 21 May 2019. He is primarily responsible for overall strategic planning and management of the Group. Mr. Lai holds a bachelor degree of business administration in Accountancy from The Open University of Hong Kong. He has more than 10 years of experience in financial, accounting and financial management. Prior to joining the Company, Mr. Lai has been the general manager of a subsidiary of a listed company in Hong Kong. Mr. Lai was appointed as the Chairman, member of nomination committee on 24 August 2019.

Mr. Chan Kin Ho Philip (“Mr. Chan”), aged 44, was appointed as an executive Director on 10 September 2021. Mr. Chan graduated from the University of Hong Kong with a bachelor’s degree in business administration in accounting and finance. Mr. Chan is a certified public accountant under the Hong Kong Institute of Certified Public Accountants and a member of The Association of Chartered Certified Accountants. Mr. Chan is also a chartered financial analyst. Mr. Chan has over 20 years of experience in finance, accounting, external and internal auditing in both Hong Kong and the People’s Republic of China. Mr. Chan had worked in the assurance and advisory department of Deloitte Touche Tohmatsu Limited and KPMG and as a business area controller in the financial controlling division of Deutsche Bank AG. Mr. Chan was the group financial controller of Xinhua Sports & Entertainment (HK) Limited, a wholly-owned subsidiary of Xinhua Sports & Entertainment Limited (PINK: XSELY) and was the vice president – finance for Tiger

Media, Incorporation (formerly known as SearchMedia Holdings Limited), a company formerly listed on American Stock Exchange. He was also a company secretary of China Digital Culture (Group) Limited (stock code: 8175) and an independent non-executive director of China Machinery Engineering Corporation (stock code: 1829). Mr. Chan is currently an executive director of Willing International Capital Limited since 2012.

Independent Non-Executive Directors

Mr. Wong Siu Keung, Joe (“Mr. Wong”), aged 56, was appointed as an independent non-executive Director on 17 June 2016. He is the chairperson of the Audit Committee as well as a member of each of the Remuneration Committee, the Nomination Committee.

Mr. Wong holds a Degree of Master of Arts in International Accounting from City University of Hong Kong in November 1998 and a Master of Corporate Governance from The Hong Kong Polytechnic University in October 2012.

He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants since 1994. Mr. Wong has over 30 years of experience in accounting, financing, audit field and public listed companies.

Mr. Wong is currently an independent non-executive director of Hang Tai Yue Group Holdings Limited whose shares are listed on GEM of the Stock Exchange (stock code: 8081). Mr. Wong is also as an independent non-executive director of China Water Industry Group Limited (stock code: 1129), a company whose shares are listed on the main board of the Stock Exchange.

Ms. Wong Hoi Yan Audrey (“Ms. Wong”), aged 50, was appointed as Independent Non-Executive Director on 21 May 2019. She was also appointed as the member of the Audit Committee, and the Chairman of Remuneration Committee of the Company with effect from 21 May 2019.

Ms. Wong, has over 20 years of experience in accounting, financial control, banking, corporate finance and asset management. She served a number of Hong Kong listed companies in the areas of manufacturing, trading and properties development; banking and financial institutions. Ms. Wong holds a Master Degree in Corporate Finance from Hong Kong Polytechnic University. In addition, she is a member of the Hong Kong Institute of Certified Public Accountant and a Certified Public Accountant in the Washington State of the USA. Ms. Wong was the Chief Financial Officer and Company Secretary of China Asia Valley Group Limited (stock code: 63) during 16 August 2019 and 30 June 2021, and currently holds Type 1 (Dealing in Securities) and Type 9 (Asset Management) licenses from the Securities and Futures Commission of Hong Kong, as vice president (consultant), of Power Securities Company Limited and Power Asset Management Company Limited.

Mr. Ma Kin Hung (“Mr. Ma”), aged 75, was appointed as an Independent Non-Executive Director, Chairman of Nomination Committee and the members of the Remuneration Committee and Audit Committee on 31 July 2019.

Mr. Ma has over 25 years of experience in corporate management, production management, marketing management in mainland China and investment in property in China. He has served as the Liaison Officer of the China Production Department of Hong Kong New Mark Limited, the Regional Sales Manager (China) of the German Professional Light Bulb Company, the Deputy general manager of Yutai Education Equipment Co., and the business representative in China of Indonesian GM Company.

Senior Management

Ms. Lee Li Ngut (“Ms. Lee”), aged 46, was re-designated as the senior vice president of finance for the Group on 1 March 2016. She is responsible for managing the Group’s finance and accounts.

Ms. Lee has over 17 years of experience in accounting. From 1999 to 2000, Ms. Lee worked at Damai Laut Golf Resort as an accounts and administration officer. She joined the Group on 19 September 2000 as an account executive and became a group finance manager on 1 October 2013.

Ms. Lee received a Bachelor of Science in Accounting and Finance from the University of London as an external student in August 1999. She has also completed the bills of lading – liability & claim course organised by Maritime Disputes & Training Consultancy Services in July 2004, budgeting & forecasting course organised by RCJ Consulting Sdn. Bhd. in August 2005, customer service skills for logistics professionals organised by Ldeapro Logix Sdn. Bhd. in October 2009, understanding ISO 9001:2000 quality management system organised by Cambridge Management Sdn. Bhd. in August 2008, and warehousing safety and transport safety organised by I-World Technology Sdn. Bhd. in January 2015.

Mr. Kan Chee Yuen, Myocho, age 48, holds a professional degree from the Institute of Chartered Secretaries and Administrators, United Kingdom. He was appointed the Chief Executive Officer of Worldgate Express Services Sdn. Bhd. on 1 January 2020. He was previously the Advisor of Worldgate Express Services Sdn. Bhd. since 2017. Prior to joining Worldgate Express Services Sdn. Bhd., he was formerly the Independent Director Compliance & System Integrity of Pegasus Berhad (an oil and gas group of companies), Director of Clara International, Vice President of MINDS and Founder of Asian Caucus of Invention Associations Hong Kong.

Myocho Kan also sits as the President of Asian Alliance for Advancement Malaysia, Founder of Advance Accreditation Authority Singapore, Advisor of Indonesian Young Scientists Association as well as other professional capacities in various professional bodies. Myocho was awarded the international Brand Laureate Award 2020 for The Icon of

Professionalism and Integrity. He was also appointed as the Panel of Evaluators for the National Occupational Skills Standard under the Ministry of Human Resources.

His exposure in logistics industry during his capacities as the trainer and consultant includes Freight Management, FM Worldwide Logistics, and Sinkung Logistics. Myocho is recognised as the architect of high performance organisations through process and system development and deployment as well as strategic human capital development, with more than 300 organisations benefitted since 1994.

Myocho Kan extends his forte in bringing about integrity, professional governance and strategic acumen into the Group to transform it into a resilient and high performing organisation. He is instrumental in the company's due diligence, business and operation process integrity, policy as well as strategic and financial and business positioning of the Group.

Mr. Liao Kwok Hoong, Jerome, age 50, joined as Vice President (Operations) on 5 August 2020. His main responsibilities is managing the day to day operations of the air/sea freight, warehouse, trucking and haulage division of the Group.

Mr. Liao has over 20 years of experience in the Supply Chain and Logistics industry. From April 2000 to 2002, Mr. Liao was the Global Account Manager in DHL Express Worldwide, later joined Eagle Global Logistics (EGL) in late 2002 as the Corporate Account Manager. In 2003, Mr. Liao joined Accord Logistics as a National Sales Manager.

Mr. Liao was also a Director of Operations in the manufacturing industry, with vast experience in ERP systems, managing an entire supply chain operations for an office furniture company in Singapore and India, a few years later as Director of Logistic for a MLM company, based on Indonesia and China.

Mr. Liao was awarded the Platinum Award for Dell Global Service Logistics project (Global Distribution Centre) in Shanghai, China. As the Senior Supply Chain Manager in Dell, he was managing the spare parts for the APAC region (1 Global Distribution Centre, 1 Regional Hub, 16 Country Hubs and 33 Satellite Hubs) from September 2009 to January 2014. He joined B.Braun Penang as the Senior Regional Logistics Manager in February 2014, redesigning the entire supply chain and logistics landscape for B.Braun APAC.

Mr. Khoo Kok Meng Mark, aged 60, was employed by Worldgate Express Services Sdn Bhd as Vice President – Sales on 19 October 2020. His primary responsibility is to enhance sales for both local and international market, with a secondary responsibility overseeing Pricing and Customer Service. Capitalising on his rich experience in total logistics and supply chain management, Mr. Mark Khoo is instrumental in the full business development process of Worldgate Express Services Sdn Bhd.

Mr. Mark Khoo has spent the last 40 years of his career with various business units and sectors of logistic industry with multinationals such as DHL, APL Logistics,

Kuehne+Nagel, Schenker, Panalpina and others. His last position is with Schenker as the General Manager whereby he managed 4 branches under his wing with prior being the General Manager Business Development & Marketing. Mr. Mark Khoo's experience and exposure cover all spectrum of the logistic industry including freighting of both air and sea, trucking, haulage and warehousing.

Company Secretary

Mr. Shum Shing Kei ("Mr. Shum"), aged 49, has over 10 years of experience in finance, accounting and company secretarial matters. He is a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Shum has been the Company Secretary from 21 May 2019.

12. FUNCTIONS OF THE AUDIT COMMITTEE

The principal functions of the audit committee include, but not limited to:

Relationship with the Company's auditor

- making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, discussing with the auditor the nature and scope of the audit and reporting obligations before the audit commences; and
- developing and implementing policy on engaging an external auditor to supply non-audit services (For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally) and reporting to the Board, identifying and making recommendations on any matters where action or improvement is needed.

Review of the Company's financial information

- reviewing and monitoring the integrity of the Company's financial statements and annual reports and accounts, half-year reports and quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board, the committee should focus particularly on:
 - (i) any changes in accounting policies and practices;

- (ii) major judgemental areas;
 - (iii) significant adjustments resulting from audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the GEM Listing Rules and legal requirements in relation to financial reporting.
- regarding the above paragraph:
 - (i) liaising with the Board and senior management and meeting, at least twice a year, with the Company's auditor; and
 - (ii) considering any significant or unusual items that are, or may need to be, reflected in the report and accounts, giving due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditor.

Oversight of the Company's financial reporting system and internal control procedures

- reviewing the Company's financial controls, internal control and risk management systems;
- discussing the risk management and internal control systems with management to ensure that management has performed its duty to have an effective systems including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- considering major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;
- reviewing the Group's financial and accounting policies and practices;
- reviewing the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;

- ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- reporting to the Board on the matters in the terms of reference of Audit Committee;
- reviewing arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and ensuring that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- acting as the key representative body for overseeing the Company's relations with the external auditor; and
- considering other topics, as defined by the Board.

13. EXPENSES

The expenses in connection with the Rights Issue and the Placing Arrangement, including professional fees, printing, registration, translation, legal and accounting fees, are estimated to be approximately HK\$1.8 million in maximum, and are payable by the Company.

14. MISCELLANEOUS

- (i) The company secretary of the Company is Mr. Shum Shing Kei.
- (ii) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (iii) The English text of this Prospectus and the accompanying PAL shall prevail over the respective Chinese translation in the case of inconsistency.

15. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) so far as applicable.

16. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of this Prospectus, together with copies of the PAL and the written consent referred to in the paragraph headed “9. Expert and Consent” in this Appendix III, have been registered with the Registrar of Companies in Hong Kong for registration pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

17. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours in any weekday (excluding Saturdays, Sundays and public holidays) at the office of the Company at Unit 5D, 5/F, Hang Cheong Factory Building, No. 1 Wing Ming Street, Kowloon, Hong Kong from the date of this Prospectus up to 25 October 2021 (both days inclusive):

- (i) the memorandum and articles of association of the Company;
- (ii) the annual reports of the Company for each of the three years ended 31 December 2018, 2019 and 2020;
- (iii) the first quarterly report of the Company for the three months ended 31 March 2021;
- (iv) the interim report of the Company for the six months ended 30 June 2021;
- (v) the letter from the Board, the text of which is set out on pages 6 to 29 of this Prospectus;
- (vi) the letter issued by the reporting accountants regarding the unaudited pro forma financial information of the Company as set out in appendix II of this Prospectus;
- (vii) the written consent referred to in the paragraph headed “9. EXPERT AND CONSENT” in this appendix;
- (viii) the material contracts referred to in the paragraph headed “8. MATERIAL CONTRACTS” in this appendix;
- (ix) the Circular; and
- (x) the Prospectus Documents.