
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:

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Cayman Islands

Principal Place of Business

in Hong Kong:

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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.

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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).

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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;

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- (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.

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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

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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.

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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.

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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.

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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

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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 Placees 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 Placees 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.

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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. |

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- 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;

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- (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).

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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.

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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

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- (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.

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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 Placees | – | – | – | – | – | – | 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 |

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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 wider global

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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.

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(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.

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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.

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(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 desirous 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.

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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.

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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

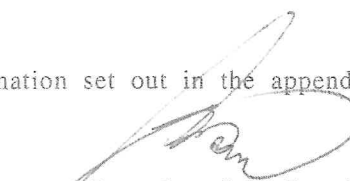
As the Rights Issue proceeds as intended, the interest of the existing Shareholders will be diluted if they do not or cannot, as the case may be, subscribe for the Rights Shares which they are entitled to.

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