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

If you have sold all your shares in **Worldgate Global Logistics Ltd**, you should at once hand this circular and the accompanying proxy form to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

WORLDGATE GLOBAL LOGISTICS LTD

盛良物流有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8292)

**(I) DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION
OF INTEREST IN THE TARGET COMPANY INVOLVING ISSUE OF
CONSIDERATION SHARES UNDER SPECIFIC MANDATE;
(II) PROPOSED SHARE CONSOLIDATION;
(III) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
AND
(IV) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Capitalised terms used in this cover shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 7 to 28 of this circular.

A notice convening the EGM of Worldgate Global Logistics Ltd to be held at Unit 5D, 5/F, Hang Cheong Factory Building, No. 1 Wing Ming Street, Kowloon, Hong Kong on Monday, 18 January 2021 at 11:00 a.m. is set out on pages 29 to 32 of this circular. Whether or not you propose to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the completed form of proxy to the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Ltd. of Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish and, in such event, the form of proxy previously submitted shall be deemed to be revoked.

This circular together with the form of proxy will remain on the GEM website for at least 7 days from the date of its publication and on the Company's website (<http://www.worldgate.com.hk/>).

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.

PRECAUTIONARY MEASURES FOR THE EGM

To safeguard the health and safety of Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the EGM:

1. Compulsory temperature screening/checks will be carried out on every attendee at the main entrance of the EGM venue. Any person with a body temperature above the reference range quoted by the Department of Health from time to time, or is exhibiting flu-like symptoms may be denied entry into the EGM venue and be requested to leave the EGM venue.
2. Every attendee will be required to wear a surgical face mask throughout the EGM and sit at a distance from other attendees. Please note that no masks will be provided at the EGM venue and attendees should wear their own masks.
3. No refreshments or drinks will be provided to attendees at the EGM.

Attendees who do not comply with the precautionary measures referred to in (1) and (2) above may be denied entry to the EGM venue, at the absolute discretion of the Company as permitted by law.

For the health and safety of Shareholders, the Company encourages Shareholders to exercise their right to vote at the EGM by appointing the Chairman of the EGM as their proxy and to return their proxy forms before the prescribed time, instead of attending the EGM in person.

TABLE OF CONTENTS

	<i>Page</i>
PRECAUTIONARY MEASURES FOR THE EGM	ii
DEFINITIONS	1
EXPECTED TIMETABLE FOR THE SHARE CONSOLIDATION	5
LETTER FROM THE BOARD	7
NOTICE OF EXTRAORDINARY GENERAL MEETING	29

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares, representing 51% of the issued share capital of the Target Company, by the Purchaser from the Vendor pursuant to the Agreement
“Agreement”	the conditional sale and purchase agreement dated 17 November 2020 and entered into by the Purchaser and the Vendor in respect of the Acquisition
“associate(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Authorised Share Capital Increase”	the proposed increase in the authorised share capital of the Company from HK\$10,000,000 divided into 1,000,000,000 Shares (equivalent to 100,000,000 Consolidated Shares assuming the Share Consolidation has become effective) to HK\$100,000,000 divided into 10,000,000,000 Shares (equivalent to 1,000,000,000 Consolidated Shares assuming the Share Consolidation has become effective) by the creation of an additional 9,000,000,000 Shares (equivalent to 900,000,000 Consolidated Shares assuming the Share Consolidation has become effective)
“Board”	board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) when banks are generally open in Hong Kong for normal business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Company”	Worldgate Global Logistics Ltd, a company incorporated in the Cayman Islands as an exempted company with limited liability, the Shares of which are listed on GEM (Stock Code: 8292)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement

DEFINITIONS

“Completion Date”	the fifth (5th) Business Day following the fulfilment or waiver of the Conditions or such other date agreed by the parties in writing
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Conditions”	the conditions for Completion pursuant to the Agreement
“Consideration”	the consideration of HK\$6,600,000 for the Acquisition pursuant to the Agreement
“Consideration Shares”	the 200,000,000 new Shares (equivalent to 20,000,000 Consolidated Shares assuming the Share Consolidation has become effective) to be allotted and issued by the Company at the issue price of HK\$0.033 to the Vendor (or her nominee(s)) as the Consideration
“Consolidated Share(s)”	ordinary shares of HK\$0.1 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Shareholders to be convened and held to consider and, if thought fit, approve, among other things, the granting of the Specific Mandate, the Share Consolidation, and the Authorised Share Capital Increase
“GEM”	the GEM of the Stock Exchange
“GEM Listing Committee”	the GEM listing sub-committee of the board of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected to the Company and any of its connected persons (as defined in the GEM Listing Rules) or their respective associates
“Latest Practicable Date”	24 December 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Long Stop Date”	31 January 2021 or such other later date as the Company and the Vendor may agree in writing
“MYR/RM”	Malaysian ringgit, the lawful currency of Malaysia
“PRC”	The People’s Republic of China
“Purchaser”	Worldgate International Investments Limited, a company incorporated in the BVI and a wholly owned subsidiary of the Company
“Registrar”	the Hong Kong branch share registrar of the Company, being Boardroom Share Registrars (HK) Ltd. at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong as at the date of this circular
“Sale Shares”	5,100 shares of the Target Company which represents 51% of the entire issued share capital of the Target Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“SGD”	Singapore dollars, the lawful currency of Singapore
“Share(s)”	ordinary share(s) with a par value of HK\$0.01 each in the share capital of the Company before the Share Consolidation becoming effective
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Shares of par value of HK\$0.01 each into one (1) Consolidated Share of par value of HK\$0.1 each

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s) or the Consolidated Share(s), as the case may be
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board for the allotment and issue of the Consideration Shares at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	China Elegant Limited, a company incorporated in Hong Kong with limited liability and is owned as to 51% by the Vendor
“Target Group”	the Target Company and its subsidiaries
“THB”	Thai bhat, the lawful currency of Thailand
“Valuation Report”	the valuation report dated 17 November 2020 on the fair value of 51% equity interest of the Target Group as at the Valuation Date prepared by the Valuer
“Valuer”	International Valuation Limited
“Vendor”	Ms. Chan Ka Wai
“Viet Nam Initiation”	Công Ty TNHH Initiation Việt Nam (Viet Nam Initiation Co., Ltd*), a limited liability company incorporated in the Vietnam and is wholly-owned by the Target Company
“%”	per cent.

* for identification purposes only

Unless otherwise specified in this circular, the exchange rate of HK\$1.00 = MYR/RM1.88, HK\$1.00 = SGD5.74, and HK\$1.00 = THB0.25 have been used, where applicable, for the purpose of illustration only and does not constitute a representation of any amount has been, could have been or may be exchanged at such a rate or at any other rates.

EXPECTED TIMETABLE FOR SHARE CONSOLIDATION

The expected timetable for the implementation of the Share Consolidation is as follows:

Event	Time and Date
Latest time for lodging share transfer documents in order to qualify for attending and voting at the EGM	4:00 p.m. on Friday, 8 January 2021
Closure of register of members for determining the entitlement to attend and vote at the EGM	Monday, 11 January 2021 to Monday, 18 January 2021 (both days inclusive)
Latest time for lodging forms of proxy for the EGM	11:00 a.m. Saturday, 16 January 2021
Date and time of the EGM	11:00 a.m. on Monday, 18 January 2021
Announcement of poll results of the EGM	Monday, 18 January 2021
Register of members of the Company re-opens	Tuesday, 19 January 2021
<i>The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation:</i>	
Effective date of the Share Consolidation	Wednesday, 20 January 2021
First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares	Wednesday, 20 January 2021
Dealings in the Consolidated Shares commences	9:00 a.m. on Wednesday, 20 January 2021
Original counter for trading in the Shares in board lots of 10,000 Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Wednesday, 20 January 2021
Temporary counter for trading in the Consolidated Shares in board lots of 1,000 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Wednesday, 20 January 2021

EXPECTED TIMETABLE FOR SHARE CONSOLIDATION

Event	Time and Date
Original counter for trading in the Consolidated Shares in board lots of 10,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on Wednesday, 3 February 2021
Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) commences	9:00 a.m. on Wednesday, 3 February 2021
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	9:00 a.m. on Wednesday, 3 February 2021
Temporary counter for trading in the Consolidated Shares in board lots of 1,000 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. Thursday, 25 February 2021
Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) ends	4:10 p.m. Thursday, 25 February 2021
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares	4:10 p.m. on Thursday, 25 February 2021
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	Monday, 1 March 2021

Note: All times and dates in this circular refer to Hong Kong local times and dates. Shareholders should note that the dates and deadlines specified herein are subject to the satisfaction of all the conditions of the Share Consolidation, including without limitation, the approval of the Share Consolidation by the Shareholders at the EGM, and are therefore for indicative purpose only.

In the event that any special circumstances arise, such dates and deadlines may be adjusted by the Board if it considers appropriate. Any changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) on the GEM website of the Stock Exchange and on the website of the Company as and when appropriate.

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*)

Ms. TSUI Ka Mei

Independent Non-executive Directors:

Mr. WONG Siu Keung Joe

Ms. WONG Hoi Yan Audrey

Mr. MA Kin Hung

Registered office:

Cricket Square

Hutchins Drive

P.O. 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

30 December 2020

To the Shareholders

Dear Sir/Madam,

- (I) DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION
OF INTEREST IN THE TARGET COMPANY INVOLVING ISSUE OF
CONSIDERATION SHARES UNDER SPECIFIC MANDATE;
(II) PROPOSED SHARE CONSOLIDATION;
(III) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
AND
(IV) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcements of the Company dated 17 November 2020, 20 November 2020, 30 November 2020, 16 December 2020, 17 December 2020 and 23 December 2020 in relation to the Acquisition, the Share Consolidation and the Authorised Share Capital Increase.

LETTER FROM THE BOARD

The purposes of this circular are to:

- (a) provide Shareholders with details of the Acquisition, the Share Consolidation and the Authorised Share Capital Increase; and
- (b) give the Shareholders notice of the EGM to consider and, if thought fit, to approve (i) the Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Consideration Shares; (ii) the Share Consolidation; and (iii) the Authorised Share Capital Increase.

THE ACQUISITION

The Agreement

Date

17 November 2020

Parties

Purchaser: The Purchaser, i.e. Worldgate International Investments Limited, a wholly owned subsidiary of the Company; and

Vendor: The Vendor, i.e. Ms. Chan Ka Wai

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, the Vendor is an Independent Third Party.

Assets to be acquired

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares. The Sale Shares, representing 51% of the entire issued share capital of the Target Company, will be sold free from all encumbrances together with all rights to any dividend or other distribution declared, made or paid after the date of the Agreement. Details of the Target Group are set out in the section headed “Information on the Target Group” below.

Consideration

The Consideration payable by the Purchaser to the Vendor is HK\$6,600,000, which will be satisfied by the allotment and issue by the Company to the Vendor (or her nominee(s)) of 200,000,000 Consideration Shares (equivalent to 20,000,000 Consolidated Shares assuming that the Share Consolidation has become effective), credited as fully paid, at an issue price of HK\$0.033 per Share (or HK\$0.33 per Consolidated Share if the Share Consolidation has become effective by the time of issuance of the Consideration Shares) at Completion.

LETTER FROM THE BOARD

The Consideration was determined after arm's length negotiations between the parties to the Agreement. Having considered (i) the fair value of approximately HK\$6,783,000 for 51% interest in the Target Group as appraised by the Valuer; (ii) the business development and prospects of the Target Group in the medium to long term; and (iii) other reasons and benefits of the Acquisition as stated under the section headed "Reasons for and benefits of the Acquisition" below, the Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable and the terms and conditions of the Agreement are fair and reasonable.

Consideration Shares

The Consideration Shares represent (i) 20% of the total issued Shares of the Company as at the Latest Practicable Date; and (ii) approximately 16.67% of the total issued Shares of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no other change to the share capital of the Company from the Latest Practicable Date and up to the Completion Date save for the allotment and issue of the Consideration Shares, the Share Consolidation and the Authorised Share Capital Increase).

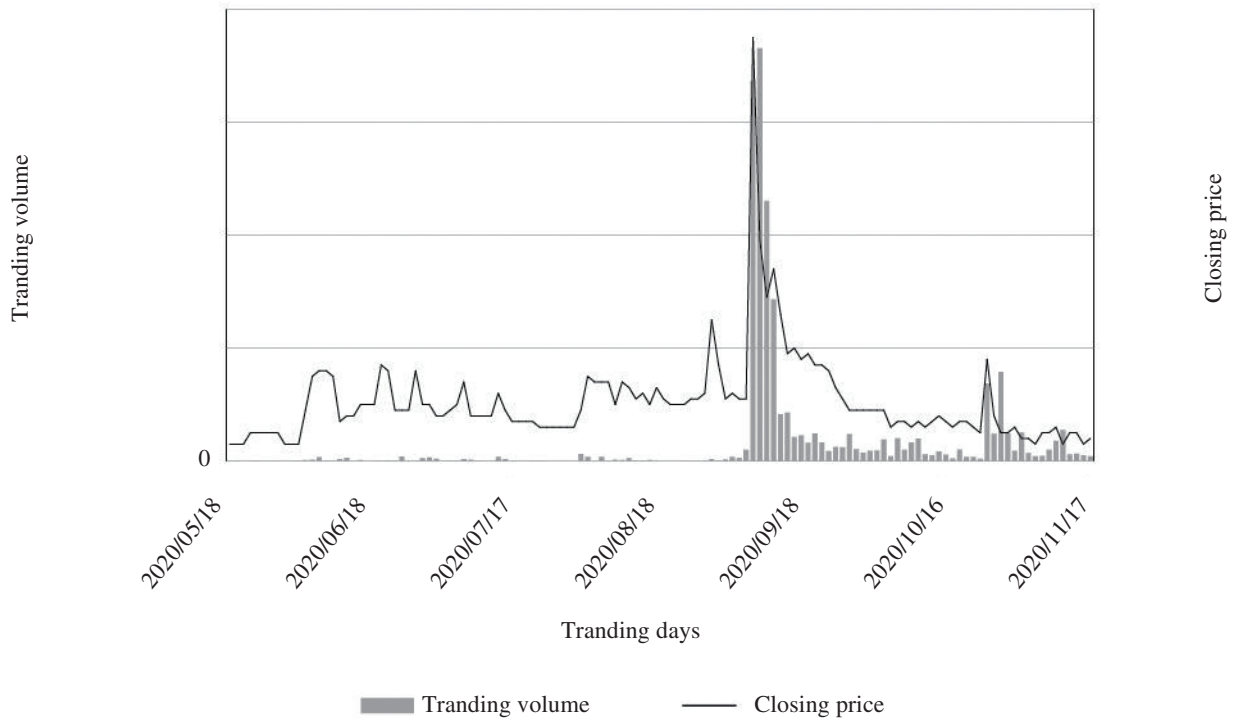
The issue price of the Consideration Shares (i.e. HK\$0.033) represents:

- (i) a discount of approximately 2.94% to the closing price of HK\$0.034 per Share as quoted on the Stock Exchange on the date of the Agreement;
- (ii) a discount of approximately 2.94% to the average closing price of HK\$0.034 per Share as quoted on the Stock Exchange on the five consecutive trading days up to and including the date of the Agreement; and
- (iii) a discount of approximately 3.79% to the average closing price of HK\$0.0343 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the date of the Agreement.

The issue price was determined after arm's length negotiations between the Vendor and the Company with reference to, among others, (i) the prevailing market price of the Shares, (ii) the liquidity of the Shares, and (iii) the financial performance of the Group.

LETTER FROM THE BOARD

The price and trading volume chart of the Company's Shares for the past six months from the date of the Agreement is as follows:



Excluding the unusual trading activities in the Shares in around September 2020, the closing price of the Shares fluctuated in between HK\$0.033 and HK\$0.047 per Share over the past six months. Over the past 30 trading days preceding the date of the Agreement, the average closing price per Share was HK\$0.036.

The Company has been loss making since the financial year ended 31 December 2016. Despite the Group's total revenue for the nine months ended 30 September 2020 increased to approximately RM54.9 million and by approximately 17.4% as compared to that of the same period in 2019, the Group still recorded a net loss of approximately RM3.9 million for the nine months ended 30 September 2020.

As disclosed in the Company's quarterly report in the first nine months of 2020, the Group continues to see increasing challenge with the unprecedented impact of COVID-19 on the global economic outlook, which also impacted the general economic and market conditions in Malaysia and Hong Kong and the industry in which we operate.

The Directors believe that the continuous loss-making position of the Group has created downward pressure on the share prices of the Company and the outbreak of the COVID-19 epidemic has exacerbated the situation. As shown in the price and trading volume chart above, except for a few days in September this year on which the Shares closed at comparatively high prices and high trading volume, the Shares at most of the time closed below HK\$0.04 and

LETTER FROM THE BOARD

HK\$0.035 per share during the past six and three months respectively. The trading volume of the Shares was not particularly voluminous during the same periods with less than 1 million shares or even no shares being traded in many of the trading days. The issue price of HK\$0.33 per Consideration Share represent a slight discount to the market prices of the Share only.

Based on the above, the Directors consider that the issue price of the Consideration Shares is fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares to be allotted and issued pursuant to the Specific Mandate to be sought from the Shareholders at the EGM and shall rank *pari passu* among themselves and with all Shares in issue on the Completion Date. The Directors expect that the Consideration Shares will be issued within five (5) Business Days from the date of granting of the listing approval of the Consideration Shares by the GEM Listing Committee of the Stock Exchange, which is expected to be after the effective date of Share Consolidation and Authorised Share Capital Increase.

Conditions Precedent

Completion is conditional upon the following conditions being satisfied (or as the case may be being waived) on or before the Completion Date:

- a. the Shareholders having passed an ordinary resolution at the EGM approving the Authorised Share Capital Increase;
- b. the Shareholders having passed an ordinary resolution at the EGM approving the allotment and issue of the Consideration Shares under the Specific Mandate;
- c. the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares;
- d. the Purchaser having been satisfied with the results of the due diligence review on the Target Group, including but not limited to their respective businesses, assets, liabilities, operations, financial, legal or other status as the Purchaser may deem appropriate and necessary;
- e. no material breach of the Vendor's warranties and such warranties remaining true and accurate in all respects and not misleading as at Completion and at all times between the date of the Agreement and Completion;
- f. all necessary third-party approvals or consents (or waivers) required by the Vendor for the consummation of the transactions contemplated under the Agreement have been obtained; and

LETTER FROM THE BOARD

- g. no material adverse change in business, operations, assets, position (financial, trading or otherwise), profits or prospects of the Target Group or any matter, event or circumstance that may result in such a material adverse change having occurred before or on the Completion Date.

Save that the Purchaser may waive unilaterally conditions (d), (e) and (f) set out above either in whole or in part at any time prior to the Long Stop Date by notice in writing to the Vendor on such terms as the Purchaser may decide in its absolute discretion, none of the above conditions can be waived.

Completion

Subject to the fulfilment (or waiver of) of all conditions of the Agreement, Completion shall take place at 11:00 a.m. on the Completion Date.

If in any respect the obligations of the Purchaser and the Vendor are not complied with on the date and time at which Completion is due to take place, the party or parties not in default may (i) defer Completion to a date not more than 28 days after such date; or (ii) proceed to Completion so far as practicable (without prejudice to its rights in the Agreement); or (iii) rescind the Agreement.

PROPOSED SHARE CONSOLIDATION

The Board intends to put forward a proposal to Shareholders to effect the Share Consolidation which involves the consolidation of every ten (10) issued and unissued Shares into one (1) Consolidated Share.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following:

- (i) the passing of the ordinary resolution(s) by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the compliance with all relevant procedures and requirements under the laws of the Cayman Islands (where applicable) and the GEM Listing Rules to effect the Share Consolidation; and
- (iii) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation.

The Share Consolidation will become effective on the second business day immediately following the fulfillment of the above conditions. As at the Latest Practicable Date, none of the conditions above had been fulfilled.

LETTER FROM THE BOARD

Effects of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company amounted to HK\$10,000,000 divided into 1,000,000,000 Shares, of which all 1,000,000,000 Shares had been allotted and issued as fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective and on the basis that no further Shares will be allotted, issued or repurchased prior thereto, the authorised share capital of the Company will become HK\$10,000,000 divided into 100,000,000 Consolidated Shares of HK\$0.1 each, of which 100,000,000 Consolidated Shares will be in issue, which are fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the Company's articles of association. No fractional Consolidated Shares will be issued by the Company. Any fractional entitlements of Consolidated Shares will be aggregated and sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Group or the interests or rights of the Shareholders, save for any fractional Consolidation Shares which may arise.

Odd lots arrangements and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares during the period from 9:00 a.m. on Wednesday, 3 February 2021 to 4:10 p.m. on Thursday, 25 February 2021 (both dates inclusive). Shareholders who wish to take advantage of this facility should contact Astrum Capital Management Limited at Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong (telephone number: (+852) 3665-8188 during office hours (i.e. Monday to Friday, 9:00 a.m. to 5:00 p.m.) of such period).

Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares are not warranted. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers.

Exchange of share certificates

Subject to the Share Consolidation having become effective, Shareholders may, on or after Wednesday, 20 January 2021 and until Monday, 1 March 2021 (both days inclusive), submit their existing share certificates for the Shares to the Registrar in Hong Kong, Boardroom Share

LETTER FROM THE BOARD

Registrars (HK) Ltd. at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the Consolidated Shares. Thereafter, existing share certificates for Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for Consolidated Shares at the expense of the Shareholders on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each existing share certificate cancelled or each new share certificate issued for Consolidated Shares (whichever is higher) but are not acceptable for trading, settlement and registration.

The new share certificates for the Consolidated Shares will be issued in blue color in order to distinguish them from the existing green color.

Adjustments in relation to other securities of the Company

As at the Latest Practicable Date, the Company does not have any derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into any Shares or Consolidated Shares.

Listing and Dealings

Application will be made to the GEM Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Consolidated Shares in issue arising from the Share Consolidation and all necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, upon the Share Consolidation being effective, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date 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 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. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

No part of the share capital of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

Under the Acquisition, the Company will be required to issue an aggregate of 200,000,000 Consideration Shares (equivalent to 20,000,000 Consolidated Shares assuming the Share Consolidation has become effective). In order to undertake the Acquisition, the Board proposes to

LETTER FROM THE BOARD

increase the Company's authorised share capital from HK\$10,000,000 divided into 1,000,000,000 Shares (equivalent to 100,000,000 Consolidated Shares assuming the Share Consolidation has become effective) to HK\$100,000,000 divided into 10,000,000,000 Shares (equivalent to 1,000,000,000 Consolidated Shares assuming the Share Consolidation has become effective) by the creation of an additional 9,000,000,000 Shares (equivalent to 900,000,000 Consolidated Shares assuming the Share Consolidation has become effective). The proposed Authorised Share Capital Increase is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM approving the same.

REASONS FOR AND BENEFIT OF THE SHARE CONSOLIDATION AND THE INCREASE IN AUTHORISED SHARE CAPITAL

Under Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities.

The Guide on Trading Arrangements for Selected Types of Corporate Actions issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and last updated on 1 October 2020 has further stated that:

- (i) market price of the Shares at a level less than HK\$0.1 each will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules; and
- (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

For the past six months, the share price of the Company has been trading at or below HK\$0.050, and the closing price of the Shares on the date of the Agreement was HK\$0.034 per Share with the existing board lot size of 10,000 Shares. The Share price of HK\$0.034 is considered as trading at extremity and the value per board lot of the Company fell short of the guideline of HK\$2,000 per board lot provided by the Stock Exchange. Therefore, the Board proposes to implement the Share Consolidation.

To avoid odd lots and to comply with the minimum transaction costs and the expected value per board lot, the Company considers that consolidation of 10 issued and unissued Shares into 1 Consolidated Share is in the best interest of the Company and its shareholders as a whole. It is noted that a 10-to-1 share consolidation ratio is common and adopted by many companies listed on the Stock Exchange undertaking a share consolidation.

The Share Consolidation will increase the nominal value of the Shares and will reduce the total number of Shares currently in issue. Furthermore, it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange. As a result, the Share Consolidation will enable it to comply with the trading requirements under the GEM Listing Rules.

LETTER FROM THE BOARD

The Company confirms that it has no intention to propose any corporate actions or arrangements (including carrying out any share consolidation or share subdivision) in the next twelve (12) months which would have a contradictory effect to the Share Consolidation unless otherwise required by the GEM Listing Rules.

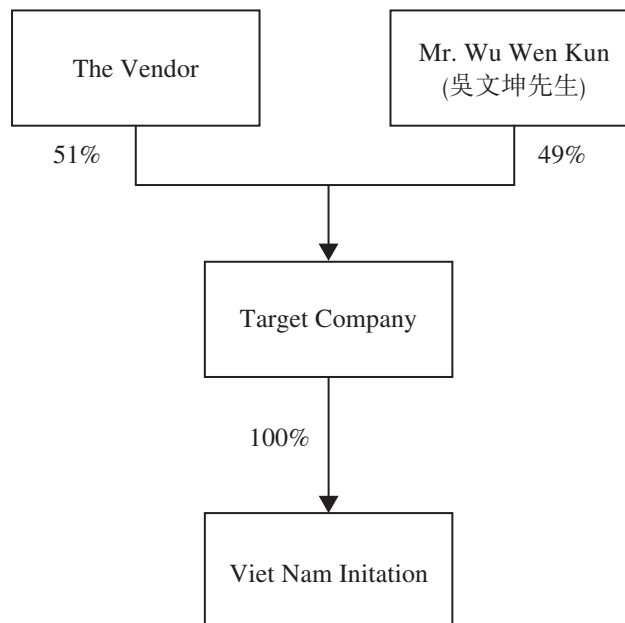
In order to accommodate the Acquisition and growth of the Group and to provide the Company with greater flexibility to raise funds in the future, the Board proposed the Authorised Share Capital Increase.

In view of the foregoing, the Board believes that the Share Consolidation and the Authorised Share capital Increase are in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE TARGET GROUP

The Target Company is a limited liability company incorporated in Hong Kong on 21 October 2006 which is principally engaged in general trading business. Viet Nam Initiation, a limited liability company incorporated in Vietnam on 6 August 2007 which is wholly owned by the Target Company, is principally engaged in (i) manufacturing plastic products and accessories for industrial and civil equipment, (ii) producing molds related to plastic products, (iii) trading of plastic products and accessories, and (iv) real estate business and subleasing of excess land.

Set out below is the shareholding structure of the Target Group as at the date of the Agreement:



LETTER FROM THE BOARD

Financial Information of the Target Group

Based on the Valuation Report prepared by the Valuer, the fair value of 51% equity interest of the Target Group as at 30 September 2020 was approximately HK\$6,783,000. Accordingly, the Consideration represents a discount of approximately 2.7% to the Valuation of the Target Group.

Set out below are certain unaudited consolidated financial information of the Target Group for the years ended 31 December 2018 and 31 December 2019 and the six months ended 30 June 2020.

	For the year ended		For the six
	31 December		months ended
	2018	2019	30 June
	HK\$'000	HK\$'000	2020
			HK\$'000
Revenue	47,574	27,442	10,303
Loss before tax	2,283	2,894	1,949
Net profit/(loss) after tax	382	(459)	(702)

As at 30 June 2020, the unaudited net assets of the Target Group was approximately HK\$12.2 million.

INFORMATION ON THE VENDOR

The Vendor is a business person principally engaged in investment activities and has 10 years of experience in making investments.

INFORMATION ON THE GROUP

The Company is an investment holding company and the Group is principally engaged in the provision of comprehensive international freight services, transportation services as well as warehousing services to customers worldwide.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has been constantly reviewing local and international investment opportunities as its business strategy and continued to explore different investment opportunities to strengthen its core competencies and to contribute sustainable growth and return for the Group and the Shareholders.

With this goal in mind, the Group has been actively exploring business opportunities to engage in new lines of business with growth potential and broaden its income stream in order to achieve diversified and sustainable development. The Directors consider the Acquisition provides an opportunity to further diversify the Group's business and will expand and create synergy effect with the Group's existing business.

LETTER FROM THE BOARD

The Directors further consider that the business of manufacturing plastic products and accessories for industrial and civil equipment in Vietnam has shown growth potential and expect that the diversification of the income stream will boost the Shareholders' value and benefit the Company and the Shareholders.

Political and economic environment in Vietnam

The Target Group's principal subsidiary Viet Nam Initiation carries on business in Vietnam which enjoys political stability in the past 40 years. The Communist Party of Vietnam ("CPV") is the only political party to rule Vietnam since national unification in 1976. Vietnam holds one-party elections every five years for both the National Assembly and local people's councils across the country. Since there is no formal political competition, Vietnam's political situation is overall stable, with CPV firmly in power.

The European Union Vietnam Free Trade Agreement ("EVFTA") took effect on August 1, 2020, paving the way for increased trade between the European Union ("EU") and Vietnam. The EVFTA eliminates 99 percent of custom duties between the EU and Vietnam, which can boost Vietnam's industries, such as manufacturing, and recover from the coronavirus pandemic.

Vietnam is one of the fastest growing countries in the world and its economy has shown resilience to trade wars and slower growth rates in neighbouring China. This accelerated economic pace is due to labour shifting from agriculture to manufacturing and services, private investment, a strong tourist sector, higher wages, and accelerating urbanisation. Exports constitute an increasingly significant contribution to Vietnam's GDP and certain sectors, such as industrial production, textile, electronics and seafood production have been growing rapidly. Vietnam's real gross domestic product ("Real GDP") expanded by 6.97 percent year-on-year in the fourth quarter of 2019. However, the Real GDP expanded only by 0.36 percent year-on-year in the second quarter of 2020, hampered by the coronavirus pandemic and weaker global demand.

Vietnam annual inflation rate declined to 3.18 percent in August 2020 from 3.39 percent in the previous month. Inflation remains under control due to lower energy prices compared to last year.

Overview of the plastic injection molding industry

With plastic injection molding being one of the most commonly-used plastic formation techniques with numerous industrial applications, the market is continually expanding. According to a report by Grand View Research (available on <https://www.grandviewresearch.com/industry-analysis/injection-molded-plastics-market>), the global plastic injection molding market size was valued at USD258.2 billion in 2019 and is expected to grow to USD267.0 billion in 2020. Growing demand from key applications including automotive, packaging, and construction particularly in countries including Brazil, Russia, India, China, and South Africa ("BRICS"), is likely to drive the market. The high-growth regions such as the Middle East and the Asia Pacific have witnessed a surge in capacity addition over the last few years.

LETTER FROM THE BOARD

The growing demand for plastic products also drives the South-East Asian companies to expand the production capabilities. All these are expected to boost the demand for plastic injection molding products in South-East Asia region. Given the location of the Target Group, the Board believes that these factors show the Target Group's potential in the near future amidst the current COVID-19 pandemic.

The recent coronavirus outbreak has affected the revenue generation of the companies in the molding machine industry due to the halt or slowdown in the production facilities. However, with the huge demand for single-use plastic gear used in treating and preventing coronavirus, the plastic injection molding companies are focusing on stepping up of their resources and production capabilities to help in the fight against the pandemic. Some companies started the production of personal protective equipment such as face shields and face masks.

Development plan of the Target Group

The Target Group has started to expand its plastic processing business into Europe and the United States of America. In the local Vietnamese market, the Target Group will invest in local high-end plastic product market and automotive plastic related products. In order to enhance its competitiveness, the Target Group also aims to invest in advanced mold-making in order to diversify its product range.

With such business development plans being implemented and vaccines for COVID-19 becoming available in the near future which helps to bring global economic activities back to normal and the stable political environment and rapid growth of the economy in Vietnam, the management is positive to the business development and prospects of the Target Group in the medium to long term.

Issue of Consideration Shares to satisfy purchase Consideration

Despite the Group recorded a cash and cash equivalent balance of approximately RM15.6 million as at 30 June 2020 as shown in the Company's interim report published on 14 August 2020, Shareholders should note that most of the cash are held by various operating subsidiaries of the Group for daily business operations and working capital purposes instead of being maintained by the Company. Given the Vendor (or her nominee(s)) is willing to accept the allotment and issue of the Consideration Shares to satisfy purchase Consideration, the Company may preserve cash and need not raise debts to finance the Acquisition. This is particularly beneficial to the Company and Shareholders as a whole in view of the economic challenges created by COVID-19 pandemic. Also, by seeking a Specific Mandate at the EGM, Shareholders may decide on their own whether to approve the Acquisition and the terms for such including issue of the Consideration Shares at such price and number. Accordingly, the Directors (including the independent non-executive Directors) considers that it is in the best interests of the Company to settle the Consideration using the Consideration Shares issued pursuant to Specific Mandate to preserve cash and liquidity of the Group for unexpected events given the recent COVID-19 outbreak.

LETTER FROM THE BOARD

Synergies

Following completion of the Acquisition the Group will have a presence in Vietnam, one of the fastest growing economies in the ASEAN countries and is in the vicinity to Malaysia where the Group's main logistics operations locate. With the Target Group's trading and manufacturing background and export activities, the Target Group provides immediately available resources in freight services, transportation services and warehousing services in Vietnam. This provide ample opportunities for the Group to expand its core business into Vietnam.

Mr. Lai Kwok Hei, an executive Director and Chairman of the Board has had over 8 years of experience in management of factories and in the clothing industry. The Board believes that such experience will translate over to the management of plastic injection molding business as the clothing industry and the plastic injection molding industry are both part of the manufacturing sector and relevant management skills are interchangeable. Also, as the Board intends to maintain the current composition of management of the Target Group, the Target Group will be able to continue its daily operations with injection of experience from the Board.

INFORMATION ON THE VALUER AND THE VALUATION REPORT

The Valuer is specialised in the provision of independent comprehensive corporate consultancy and valuation services.

The Valuation Report was prepared in accordance with International Valuation Standards 2017.

In estimating the market value of the equity interest in the Target Group, the Valuer relied primarily on the Market Approach, which is a commonly adopted approach for valuation of companies. Under the Market Approach, the Valuer relied on the trading multiples of publicly traded guideline companies of the Target Group. The Market Approach benchmarked the Target Group's equity value to the publicly trading entities by looking into their financial performances. Not only could Market Approach reflect the current market's investment preferences or investment habitat, but also provide up-to-date public market information allowing the management of the Company to make a more informative decision.

To adopt the guideline public company method under the Market Approach, the Valuer determined the appropriate valuation multiples of comparable companies, in which they have employed market value of invested capital-to-book value of invested capital ("MVIC/BVIC") multiple in the valuation for the Target Group as of the Valuation Date. The market value of invested capital ("MVIC") is equal to the market value of the equity plus long-term interest bearing debt, which represents the value of all core operations of a business.

Three approaches for valuation (cost approach, income approach and market approach) of the Target Group were considered by the Valuer. The cost approach was not adopted by the Valuer because it may not be able to reflect the expected future economic benefit of the Target Group,

LETTER FROM THE BOARD

being an income-generating business. The income approach was not adopted since prospective financial projection at market participant's point of view, which is subject to a number of assumptions and contingent factors, was not reliably available.

As the Target Group's net profit/(loss) has been unstable for the past two years, earning multiple was not adopted. As the revenue multiple could not consider the cost structure between the comparable companies and the Target Group, revenue multiple was not adopted and MVIC/BVIC multiple was considered to be reasonable to be adopted as of the Valuation Date.

The Valuer searched for listed companies with business scopes and operations similar to those of the Target Group as comparable companies on best-effort basis with reference to the following selection criteria:

- significant portion of the assets or businesses of the company involves in design and manufacture of plastic molds;
- the companies have pertinent listing and operating histories; and
- the financial information and relevant data of the companies are available to the public.

The Valuer has adopted in the valuation the following comparable companies and MVIC/BVIC multiples of the comparable companies as of the Valuation Date as extracted from Bloomberg to arrive at the market value of the Target Group:

Comparable Companies	Business Descriptions	Market Capitalisation (HK\$'000,000)	MVIC/BVIC Multiple as of Valuation Date
ATA IMS Bhd (AIB MK)	ATA IMS Berhad provides electronic manufacturing services. The Company offers spanning engineering, mould design and fabrication, plastic injection moulding, and filter manufacturing services. ATA IMS serves home and environmental care, lighting, healthcare, and automotive industries worldwide.	3,971.72	2.6 x
RGT BHD (RGBH MK)	RGT Berhad manufactures and sells moulded plastic products.	287.38	3.0 x

LETTER FROM THE BOARD

Comparable Companies	Business Descriptions	Market Capitalisation (HK\$'000,000)	MVIC/BVIC Multiple as of Valuation Date
Sanichi Technology Bhd (SANI MK)	Sanichi Technology Bhd, through its subsidiaries, designs and fabricates precision moulds and tooling.	130.00	0.4 x
Acme Holdings Bhd (ACME MK)	Acme Holdings Berhad manufactures audio systems. The Company provides plastic and wooden audio speakers. Acme Holdings offers plastic injection moulding, fabrication, mounting, auto-spray, assembly, and warehousing services. Acme Holdings serves customers in Malaysia.	177.68	1.2 x
Kumpulan H&L High-Tech Bhd (H&L MK)	Kumpulan H & L High-Tech Berhad is an investment holding company. The Company, through its subsidiaries, manufactures and sells precision moulds, dies, jigs, fixtures, tools, and other precision machine parts. Kumpulan H & L also manufactures customized precision plastic injection molding thermoplastic and has operation in leasing of properties and property investment.	65.57	0.4 x

LETTER FROM THE BOARD

Comparable Companies	Business Descriptions	Market Capitalisation (HK\$'000,000)	MVIC/BVIC Multiple as of Valuation Date
Hi-P International Ltd (HIP SP)	Hi-P International Limited is an integrated contract manufacturing services provider. The Company specializes in precision plastic injection molding, mold design and fabrication, assembly, ancillary value-added services and precision metal stamping. The Company also provides turnkey contract manufacturing services.	5,601.24	1.5 x
T Krungthai Industries PCL (TKT TB)	T. Krungthai Industries Public Company Limited produces plastic parts for vehicle manufacturers, electrical appliance manufacturers, and original equipment manufacturers (OEM). The company also provides services of mold design, mold making and mold repairing.	49.43	0.5 x
Fu Yu Corp Ltd (FUYU SP)	Fu Yu Corporation Limited manufactures and sells precision plastic injection molds and plastic components. The Company also manufactures and sells plastic, aluminum parts, electronic products, and equipment for medical use.	1,040.88	1.1 x

LETTER FROM THE BOARD

Comparable Companies	Business Descriptions	Market Capitalisation (HK\$'000,000)	MVIC/BVIC Multiple as of Valuation Date
Acma Ltd (ACM SP)	Acma Ltd. manufactures molds and precision plastic components. The Company produces and markets proprietary fuel saving products for the shipping and land transport industry. Acma serves customers in Singapore.	22.94	0.6 x
	Median		1.1 x

Source: Bloomberg

The Valuer believes that adopting the median as the parameter for the valuation on the Target Group is fair and reasonable because outliers do not affect the median as strongly as they do when the mean is set as parameter. When the distribution of variables is skewed, the median is a better measure of central tendency than the mean. The Valuer considers that the comparable companies selected above are exhaustive and sufficient for the valuation of the Target Group.

Further, the Board considers that the comparable companies selected above are fair and reasonable.

The Valuer made the following assumptions in providing the valuation on the Target Group:

1. the audited financial statements of the Target Group for the six months ended 30 June 2020 as provided by the management of the Group can reasonably represent its financial position and performance of the Target Group as of 30 September 2020 since audited financial accounts as of 30 September 2020 was not available;
2. there will be no major changes in the current taxation laws in the territories (the “**Territories**”) in which the Target Group operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
3. there will be no major changes in the political, legal, economic or financial conditions in the Territories in which the Target Group operates or intends to operate, which would adversely affect the revenues attributable to and the profitability of the Target Group;

LETTER FROM THE BOARD

4. the Target Group will retain and have competent management, key personnel, and technical staff to support its ongoing operation;
5. all relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Target Group operates or intends to operate has or would be officially obtained and renewable upon expiry;
6. industry trends and the market conditions for related industries will not deviate significantly from economic forecasts; and
7. all information and representations provided by the management of the Group, for which they are solely and wholly responsible for are true, accurate and complete in all material respect.

Based on the foregoing assumptions and MVIC/BVIC multiples the fair value of 51% equity interest in the Target Group as of 30 September 2020 was valued at approximately HK\$6,783,000 with detailed calculations as follows:

As of 30 September 2020	MVIC/BVIC Multiple HK\$
Book value of invested capital as of 30 June 2020	12,676,602
Multiply: Median Market Multiple as of Valuation Date	1.1 x
Market Value of Invested Capital (marketable and minority basis)	13,644,120
Less: Long term debts	(475,316)
Equity Value (marketable and minority basis)	13,168,803
Add: Control Premium of approximately 21.6%	
(Percentage adopted is based on Mergerstat Control Premium Study published by FactSet Mergerstat LLC)	2,844,461
Less: Discount for Lack of Marketability of approximately 20.6%	
(Percentage adopted is based on Stout Restricted Stock Study Companion Guide 2020 published by Stout Risius Ross, LLC, available on https://www.bvresources.com/docs/default-source/ free-downloads/restricted-stock-study-stout-companion- guide.pdf?sfvrsn=b0ebc8b2_4)	(2,712,773)
100% Equity Value (non-marketable and controlling basis)	13,300,491
51% Equity Value (non-marketable and controlling basis)	6,783,250
Concluding Market Value of 51% Equity Interest (Rounded)	6,783,000

Note: The total may not sum up due to rounding.

LETTER FROM THE BOARD

EFFECT ON THE SHAREHOLDING STRUCTURE

To the best of the Directors' knowledge having made all reasonable enquiry, the following table illustrates the effect of the Acquisition on the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon Completion (assuming that there is no other change in the issued share capital of the Company, including the Share Consolidation, from the Latest Practicable Date to the Completion Date); and (iii) immediately upon Completion (assuming the Share Consolidation has become effective and that there is no other change in the issued share capital of the Company from the Latest Practicable Date to the Completion Date):

Name of Shareholder	(i) As at the Latest Practicable Date		(ii) Immediately upon Completion and assuming the Share Consolidation has not become effective		(iii) Immediately upon Completion and assuming the Share Consolidation has become effective	
	Number of		Number of		Number of	
	Shares	Approx.%	Shares	Approx.%	Shares	Approx.%
<i>Former Director</i>						
Ms. Wen Jianping ("Ms. Wen") (Note 1)	10,000,000	1.00%	10,000,000	0.83%	1,000,000	0.83%
<i>Substantial shareholders</i>						
JL Investments Capital Limited ("JL Investments") (Note 2)	232,000,000	23.20%	232,000,000	19.33%	23,200,000	19.33%
Crown World Investments Limited ("Crown World") (Note 3)	160,000,000	16.00%	160,000,000	13.33%	16,000,000	13.33%
Vendor (or her nominee(s))	—	—	200,000,000	16.67%	20,000,000	16.67%
Public shareholders	598,000,000	59.80%	598,000,000	49.83%	59,800,000	49.83%
Total	1,000,000,000	100%	1,200,000,000	100%	120,000,000	100%

Notes:

- Ms. Wen retired as a Director upon the conclusion of the annual general meeting of the Company held on 29 May 2020 and remains as a connected person (as defined in the GEM Listing Rules) of the Company as at the Latest Practicable Date.
- JL Investments is a company owned as to 100% by Mr. Lau Chi Yuen, Joseph ("Mr. Lau"). By virtue of the SFO, Mr. Lau is deemed to be interested in 232,000,000 Shares held by JL Investments.
- Crown World is a company owned as to 100% by Mr. Zhong Xian Wen ("Mr. Zhong"). By virtue of the SFO, Mr. Zhong is deemed to be interested in 160,000,000 Shares held by Crown World.

GEM LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) for the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

LETTER FROM THE BOARD

EGM

A notice of the EGM is set out on pages 29 to 32 of this circular. The EGM will be convened and held at Unit 5D, 5/F, Hang Cheong Factory Building, No. 1 Wing Ming Street, Kowloon, Hong Kong on Monday, 18 January 2021 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the ordinary resolutions to approve (i) the Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Consideration Shares; (ii) the Share Consolidation; and (iii) the Authorised Share Capital Increase.

Form of proxy

A form of proxy for use at the EGM is enclosed herewith. Whether or not you intend to be present at the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Hong Kong branch share registrar of the Company, Boardroom Share Registrars (HK) Ltd. of Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, as soon as possible and in any event not less than 48 hours before the time of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and, in such event, the form of proxy previously submitted shall be deemed to be revoked.

Voting at the EGM

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in (i) the Agreement and the transactions contemplated thereunder (including the allotment and issue of Consideration Shares under the Specific Mandate), (ii) the Share Consolidation, and (iii) the Authorised Share Capital Increase. As such, none of the Shareholders are required to abstain from voting at the EGM on the resolutions as set out in the notice of the EGM.

All resolutions at the EGM shall be conducted by way of poll, and the results of the EGM will be announced by the Company in compliance with Rule 17.47(4) the GEM Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 11 January 2021 to Monday, 18 January 2021, both dates inclusive, during which period no transfer of Existing Shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Ltd. of Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Friday, 8 January 2021.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

RECOMMENDATIONS

The Board considers that the Acquisition, the Share Consolidation and the Authorised Share Capital Increase are in the best interests of the Company and the Shareholders as a whole and recommends the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

WORLDGATE GLOBAL LOGISTICS LTD

盛良物流有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8292)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of WORLDGATE GLOBAL LOGISTICS LTD (the “**Company**”) will be held at Unit 5D, 5/F, Hang Cheong Factory Building, No. 1 Wing Ming Street, Kowloon, Hong Kong on Monday, 18 January 2021 at 11:00 a.m. to consider and, if thought fit, pass the following resolutions (with or without amendments) as ordinary resolutions:

ORDINARY RESOLUTIONS

1. **“THAT:**

- (a) the sale and purchase agreement entered into between Worldgate International Investments Limited (the “**Purchaser**”) and Ms. Chan Ka Wai (the “**Vendor**”) dated 17 November 2020 (the “**Agreement**”), pursuant to which the Purchaser has conditionally agreed to acquire 5,100 shares (the “**Sale Shares**”) of China Elegant Limited (the “**Target Company**”) (representing 51% of the total issued share capital of the Target Company) for a total consideration of HK\$6,600,000, which will be satisfied by the allotment and issue of 200,000,000 new ordinary shares of the Company (equivalent to 20,000,000 Consolidated Shares assuming the Share Consolidation has become effective) (the “**Consideration Shares**”) by the Company to the Vendor (or her nominee(s)) under a specific mandate at the issue price of HK\$0.033 per Consideration Share (or HK\$0.33 per Consolidated Share if the Share Consolidation has become effective by the time of issuance of the Consideration Shares) (the “**Acquisition**”), and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (b) the directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate (the “**Specific Mandate**”) to exercise the powers of the Company to allot and issue 200,000,000 Consideration Shares (equivalent to 20,000,000 Consolidated Shares assuming the Share Consolidation has become effective) to the Vendor (or her nominee(s)) in accordance with the terms and conditions of the Agreement, where such Consideration Shares shall rank equally in all respects among themselves and with all fully paid ordinary shares of the Company in issue as at the date of the allotment and issue and the Specific Mandate is in addition to, and shall not prejudice nor revoke, any general or specific mandate(s) which has/ have been granted or may from time to time be granted to the Directors prior to the passing of this resolution; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) all other transactions contemplated under the Agreement be and are hereby approved and any one Director be and is authorized to do all such acts and things, to sign and execute, and where required, to affix the common seal of the Company to, such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he/she considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the implementation of the transactions contemplated under the Agreement and to agree to such variation, amendments or waiver of matters relating thereto which are, in the opinion of such Director, in the interests of the Company and its shareholders as a whole.”

2. **“THAT:**

subject to and conditional upon, among other things, the granting by the GEM Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) the listing of, and permission to deal in, the Consolidated Shares (as defined below) in issue, with effect from the second business day immediately following the date on which this resolution is passed, being a day on which shares of the Company are traded on the Stock Exchange:

- (a) every ten (10) issued and unissued shares of par value of HK\$0.01 each in the share capital of the Company be consolidated into one (1) share of par value of HK\$0.1 each (each a “**Consolidated Share**”) in the share capital of the Company (the “**Share Consolidation**”);
- (b) all of the Consolidated Shares shall rank *pari passu* with each other in all respects and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the memorandum and articles of association of the Company;
- (c) all fractional Consolidated Shares resulting from the Share Consolidation will be disregarded and will not be issued to holders of the same, but all such fractional Consolidated Shares will be aggregated and, if possible, sold and retained for the benefit of the Company in such manner and on such terms as the Directors may think fit; and
- (d) the Directors be and are hereby authorised to do all such acts and things and to sign and execute all such documents, including under seal where applicable, on behalf of the Company, as they shall, in their absolute discretion, consider necessary, desirable or expedient to implement and give effect to any or all of the foregoing.”

3. **“THAT:**

- (a) the authorised share capital of the Company be increased from HK\$10,000,000 divided into 1,000,000,000 ordinary shares (equivalent to 100,000,000 Consolidated Shares assuming the Share Consolidation has become effective) to HK\$100,000,000

NOTICE OF EXTRAORDINARY GENERAL MEETING

divided into 10,000,000,000 ordinary shares (equivalent to 1,000,000,000 Consolidated Shares assuming the Share Consolidation has become effective) by the creation of an additional 9,000,000,000 ordinary shares (equivalent to 900,000,000 Consolidated Shares assuming the Share Consolidation has become effective) (the “**Authorised Share Capital Increase**”); and

- (b) the Directors be and are hereby authorised to do all such acts and things, to sign and execute all such documents for and on behalf of the Company and to take such steps as it may in its absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Authorised Share Capital Increase.”

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

Hong Kong, 30 December 2020

Registered office:

Cricket Square
Hutchins Drive
P.O. 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

Notes:

1. A shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead at the EGM in accordance with the Articles of Association of the Company. A proxy need not be a shareholder of the Company but must be present in person to represent the shareholder.
2. To be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed or a certified copy thereof must be deposited with the Company’s branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Ltd. of Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong at least 48 hours before the time appointed for holding the EGM or any adjournment thereof as the case may be and in default thereof the form of proxy and such power or authority shall not be treated as valid.
3. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM if you so wish.

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. In order to determine the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 11 January 2021 to Monday, 18 January 2021 (both days inclusive) during which period no transfer of Share will be registered. In order to qualify for attending the EGM, all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Ltd. of Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong not later than 4:00 p.m. on Friday, 8 January 2021 for such purpose.

As at the date of this notice, the Directors are:

Executive Directors:

Mr. LAI Kwok Hei (*Chairman*)

Ms. TSUI Ka Mei

Independent Non-executive Directors:

Mr. WONG Siu Keung Joe

Ms. WONG Hoi Yan Audrey

Mr. MA Kin Hung

This notice, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this notice 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 notice misleading.

This notice will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company's website at <http://www.worldgate.com.hk>.