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世大控股有限公司
GREAT WORLD COMPANY HOLDINGS LTD
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8003)

- (i) MAJOR TRANSACTION IN RELATION TO
THE ACQUISITION OF 45.46% EQUITY INTERESTS IN
YENBO GAIN LIMITED;**
**(ii) PLACING OF CONVERTIBLE NOTES
UNDER SPECIFIC MANDATE;**
**(iii) PROPOSED INCREASE IN
AUTHORISED SHARE CAPITAL;**
(iv) PROPOSED CAPITAL REDUCTION AND SUB-DIVISION; AND
(v) REFRESHMENT OF GENERAL MANDATE

Financial adviser to Great World Company Holdings Ltd



Placing agent to Great World Company Holdings Ltd



THE ACQUISITION AGREEMENT

The Board is pleased to announce that on 9 January 2015 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Acquisition Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares at a consideration of HK\$37,500,000. The Sale Shares represent approximately 45.46% of the issued capital of the Target Company.

The Consideration will be payable by the Purchaser to the Vendor in cash.

THE SUPPLEMENTAL AGREEMENT

The Board announces that on 9 January 2015 (after trading hours), the Purchaser has entered into the Supplemental Agreement with the Vendor to amend the payment terms of the Previous Acquisition Agreement.

Pursuant to the Supplemental Agreement, the Purchaser and the Vendor agreed that the time for payment of the second instalment of the consideration payable in connection with the Previous Acquisition by the Group in cash will be extended from within 3 months from the date of the Previous Acquisition Agreement (i.e. 10 January 2015) to within three (3) Business Days after the Company receiving the net proceeds of not less than HK\$70,000,000 under the Placing Agreement.

Save as otherwise provided in the Supplemental Agreement, all provisions of the Previous Acquisition Agreement shall remain in full force and effect.

PROPOSED PLACING OF CONVERTIBLE NOTES UNDER SPECIFIC MANDATE

On 9 January 2015, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent agreed to place, on a best effort basis, the Convertible Notes up to an aggregate principal amount of HK\$110.0 million.

Assuming that the Convertible Notes are fully placed, the gross proceeds from the Placing are estimated to be approximately HK\$110.0 million, and the net proceeds from the Placing, after deducting placing commission and other related expenses in connection with the Placing of approximately HK\$0.8 million, are estimated to be approximately HK\$109.2 million. The Company intends to apply part of the net proceeds to satisfy the Consideration of HK\$37.5 million and the second instalment of the consideration payable in connection with the Previous Acquisition of approximately HK\$2.1 million; the remaining balance of the net proceeds of approximately HK\$69.6 million will be used as working capital of the Group (including but not limited to the repayment of borrowings of the Group, future investments and/or developments of the Group, in particular, the Target Group).

The Conversion Shares upon conversion of the Convertible Notes will be issued and allotted under the Specific Mandate proposed to be sought from the Shareholders by way of poll at the EGM.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the Previous Acquisition and the Acquisition took place within a 12-month period, the Previous Acquisition and the Acquisition are required to be aggregated under Rule 19.22 of the GEM Listing Rules.

As one or more of the applicable percentage ratios in respect of the Acquisition in aggregate with the Previous Acquisition, under Rule 19.07 of the GEM Listing Rules are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under the GEM Listing Rules which is subject to the reporting, announcement and shareholders' approval requirements. Resolutions will be proposed to the Shareholders for approval of, among other things, (i) the Acquisition Agreement; and (ii) the issue and allotment of the Conversion Shares upon conversion of the Convertible Notes under the Specific Mandate.

Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

PROPOSED INCREASE IN AUTHORIZED SHARE CAPITAL OF THE COMPANY

As at the date of this announcement, the authorised share capital of the Company is HK\$200,000,000 divided into 2,000,000,000 shares of HK\$0.10 each. In anticipation of the issue of the Conversion Shares upon conversion of the Convertible Notes and in order to provide for further flexibility and accommodate future expansion and growth of the Group, the Board proposes to seek the approval of the Shareholders for increasing its authorised share capital from HK\$200,000,000 divided into 2,000,000,000 Shares to HK\$300,000,000 divided into 3,000,000,000 Shares by the creation of an additional 1,000,000,000 new Shares. The new Shares will rank *pari passu* with the existing Shares upon issue.

PROPOSED CAPITAL REDUCTION AND SUB-DIVISION

The Board intends to put forward the following proposal relating to the Capital Reduction and the Sub-division in the following manner:

- (i) the paid-up capital of each of the issued Shares will be reduced from HK\$0.10 to HK\$0.01 per Share by cancelling paid-up capital of HK\$0.09 per Share by way of a reduction of capital, so as to form ordinary shares with par value of HK\$0.01 each;
- (ii) the credit arising from the Capital Reduction will be applied towards cancelling the accumulated deficit of the Company as at the effective date of the Capital Reduction (if any) with the balance (if any) to be transferred to the capital reduction reserve account of the Company or other reserve account of the Company which may be utilised by the Directors as a distributable reserve in accordance with the articles of association of the Company and all applicable laws; and
- (iii) immediately following the Capital Reduction, each of the authorised but unissued ordinary shares with par value of HK\$0.10 each will be subdivided into ten (10) New Shares of HK\$0.01 each, and such authorised but unissued New Shares when issued shall rank *pari passu* in all respects with each other and have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.

The Capital Reduction and Sub-division are conditional upon the conditions contained in the sub-section headed “Conditions of the Capital Reduction and Sub-division” in this announcement.

REFRESHMENT OF CURRENT GENERAL MANDATE

The Company will convene the EGM at which an ordinary resolution will be proposed to the Independent Shareholders that the Directors will be granted the New General Mandate to allot and issue Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the relevant ordinary resolution at the EGM.

GENERAL

The circular containing, among other things, (i) further details of the Acquisition; (ii) an accountant's report of the Target Group; (iii) the unaudited pro forma financial information of the Enlarged Group; (iv) the proposed placing of the Convertible Notes under the Specific Mandate; (v) the proposed increase in the authorised share capital of the Company; (vi) the proposed Capital Reduction and Sub-division; and (vii) the refreshment of the Current General Mandate to issue new Shares together with the notice of EGM and other information as required under the GEM Listing Rules, is expected to be despatched to the Shareholders on or before 17 February 2015 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

As the Acquisition and the Placing are subject to various conditions and may or may not proceed, the Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Reference is made to the Company's announcement dated 10 October 2014 in relation to, amongst others, the discloseable transaction in connection with the acquisition of the 36.36% equity interests of the Target Company at a consideration of HK\$30 million and the placing of up to 225,500,000 new Shares on a best effort basis.

The Board is pleased to announce that on 9 January 2015 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Acquisition Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares at a consideration of HK\$37,500,000.

THE ACQUISITION AGREEMENT

The principal terms of the Acquisition Agreement are as follows:

Date

9 January 2015 (after trading hours)

Parties

- (i) The Purchaser; and
- (ii) The Vendor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

Asset to be acquired

The Sale Shares represent approximately 45.46% of the issued capital of the Target Company. Upon Completion, the Purchaser will hold in total approximately 81.82% of the issued share capital of the Target Company.

Consideration

The Consideration will be payable by the Purchaser to the Vendor in cash within (3) Business Days immediately after the Completion Date or upon the Company receiving the net proceeds of not less than HK\$70,000,000 under the Placing Agreement, whichever is later.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the net assets value of the Target Company as at 30 November 2014 and the strategic opportunity for the Group to enter the bio-energy industry. The Consideration will be entirely funded by the net proceeds from the Placing.

The Directors consider that the terms of the Acquisition Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the Acquisition is subject to (amongst others) the following conditions having been fulfilled or waived (as the case may be):

- (a) the Purchaser having conducted and completed all necessary due diligence (including but not limited to financial and legal) on the Target Group and be satisfied with the results;
- (b) the Acquisition Agreement, the Placing Agreement and the transactions contemplated thereunder having been approved by the Shareholders in accordance with the requirements (if any) under the GEM Listing Rules;
- (c) the passing by the Shareholders a resolution approving the increase in the authorised share capital of the Company from HK\$200,000,000 divided into 2,000,000,000 shares of HK\$0.10 each to HK\$300,000,000 divided into 3,000,000,000 shares of HK\$0.10 each by the creation of an additional 1,000,000,000 shares of HK\$0.10 each;
- (d) all required approvals, consents, authorisations and licences (where applicable) in relation to the Acquisition having been obtained;
- (e) the Placing having been completed with net proceeds of not less than HK\$70,000,000; and
- (f) all the representations, warranties and undertakings contained in the Acquisition Agreement remain true, accurate and not misleading in all respects as at the date of the Acquisition Agreement and on the Completion Date.

The Purchaser may waive all of the above conditions (except for condition (b), (c) and (d)) by notice in writing to the Vendor. In the event that the above conditions are not fulfilled (or as the case may be, waived by the Purchaser) on or before 31 March 2015 (or such later date as the Vendor and the Purchaser may agree in writing), the Acquisition Agreement may be terminated by the Purchaser, in which case, none of the parties to the Acquisition Agreement shall have any claim against the others for any costs, damages, compensation or otherwise (save in respect of any antecedent breaches of the terms thereof).

Completion

Subject to all the above conditions precedent in the Acquisition Agreement being fulfilled (to the extent not waived by the Purchaser, where applicable), Completion shall take place on the Completion Date or such other date as may be agreed between the Vendor and the Purchaser in writing.

Upon Completion, the Company's interests in the Target Company will increase from approximately 36.36% to approximately 81.82% of the issued share capital of the Target Company. As such, upon Completion, the Target Company will become a subsidiary of the Company and its profit and loss and assets and liabilities will be consolidated into the financial statements of the Group.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company incorporated in the British Virgin Islands with issued share capital of US\$22. The Target Company and its subsidiaries are principally engaged in cultivation and research of the fine and new varieties forest products together with the research and promotion of product cultivation technology.

FINANCIAL INFORMATION ON THE TARGET COMPANY

According to the unaudited management accounts of the Target Group prepared under the Hong Kong Financial Reporting Standards, from 8 November 2013 (i.e. the date of incorporation) to 30 November 2014, the Target Group recorded a net loss before and after taxation of approximately HK\$1,478,000. The net assets value of the Target Group as at 30 November 2014 was approximately HK\$71,523,000.

INFORMATION OF THE VENDOR

As at the date of this announcement, the Vendor held the Sale Shares, representing approximately 45.46% of the issued share capital of the Target Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in (i) iron mine business and (ii) property business, both operated in the PRC.

As stated in the chairman's statement in the annual report of the Company for the year ended 31 March 2014, the Group is committed to seeking other business opportunities. The Directors believe that the Acquisition provides a valuable opportunity for the Company to increase its interest in the Target Company by acquiring an additional 45.46% of the issued share capital of the Target Company and thus enable the Group to exercise more effective control over the business and operations of the Target Company, to have larger share of the potential return in the Target Company to further enhance its capabilities in the business of bio-technology in the PRC and to further improve the performance of the Group. The Acquisition is expected to diversify the Group's investment portfolio and expand the sources of income. The Directors are optimistic about the long-term prospects of the Target Group's business.

The terms of the Acquisition Agreement were arrived at after arm's length negotiations between the Purchaser and the Vendor. The Directors consider that the terms of the Acquisition Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

THE SUPPLEMENTAL AGREEMENT

The Board announces that on 9 January 2015 (after trading hours), the Purchaser has entered into the Supplemental Agreement with the Vendor to amend the payment terms of the Previous Acquisition Agreement.

Pursuant to the Supplemental Agreement, the Purchaser and the Vendor agreed that the time for payment of the second instalment of the consideration payable in connection with the Previous Acquisition by the Group in cash will be extended from within 3 months from the date of the Previous Acquisition Agreement (i.e. 10 January 2015) to within three (3) Business Days after the Company receiving the net proceeds of not less than HK\$70,000,000 under the Placing Agreement.

Save as otherwise provided in the Supplemental Agreement, all provisions of the Previous Acquisition Agreement shall remain in full force and effect.

PLACING OF THE CONVERTIBLE NOTES UNDER SPECIFIC MANDATE

On 9 January 2015, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent agreed to place, on a best effort basis, the Convertible Notes up to an aggregate principal amount of HK\$110.0 million.

Date

9 January 2015 (after trading hours)

Parties

- (i) the Company; and
- (ii) the Placing Agent.

The Placing Agent conditionally agreed with the Company to place, on a best effort basis, the Convertible Notes up to a principal amount of HK\$110.0 million, to the Placees. To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Convertible Notes shall be offered to not fewer than six subscribers who are Independent Third Parties and are institutional or private investors approved, selected and/or procured by or on behalf of the Placing Agent as contemplated under the Placing Agreement. It is expected that no Placee will become a substantial Shareholder (as defined under the GEM Listing Rules) as a result of the Placing.

Terms

Total principal amount: Not more than HK\$110.0 million

Placing commission: 0.75% of the successfully placed aggregate subscription amount of the Convertible Notes

Please refer to section headed “Principal Terms of the Convertible Notes” below.

Assuming the Convertible Notes in an aggregate principal amount of HK\$110.0 million are placed in full, 1,100,000,000 Conversion Shares prior to the Capital Reduction and the Sub-division becoming effective or 1,375,000,000 Conversion Shares after the Capital Reduction and the Sub-division becoming effective would fall to be issued upon full conversion of the Convertible Notes. Such Conversion Shares represents approximately (i) 81.29% of the existing issued share capital of the Company; (ii) 44.84% of the total issued share capital of the Company as enlarged by the Conversion Shares prior to the Capital Reduction and the Sub-division becoming effective; and (iii) 50.40% of the total issued share capital of the Company as enlarged by the Conversion Shares after the Capital Reduction and the Sub-division becoming effective.

Conditions of the Placing

The Placing is conditional upon the fulfillment of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Conversion Shares falling to be issued and allotted on the exercise of the Conversion Rights attached to the Convertible Notes either unconditionally or subject to conditions to which the Company does not object;
- (ii) the passing by the Shareholders of a resolution approving the increase of the authorised share capital of the Company from HK\$200,000,000 divided into 2,000,000,000 shares of HK\$0.10 each to HK\$300,000,000 divided into 3,000,000,000 shares of HK\$0.10 each by the creation of an additional 1,000,000,000 shares of HK\$0.10 each at the EGM;
- (iii) the passing by the Shareholders of a resolution approving the Placing Agreement, the issue of the Convertible Notes and the allotment and issue of the Conversion Shares and other transactions contemplated thereunder at the EGM;
- (iv) Placees of the Convertible Notes for an aggregate principal of not less than HK\$70,000,000 (or such other amount as the Placing Agent and the Company shall agree in writing) having been procured by the Placing Agent; and
- (v) no event as set out in sub-section headed “Termination” below having occurred or occurring.

Completion

Completion of the Placing shall take place on or before the 10th Business Day immediately after the satisfaction of the conditions set out above, or at such other date as may be agreed between the Company and the Placing Agent in writing.

If any of the above conditions is not fulfilled by 31 March 2015 or such later date as may be agreed, the Placing Agreement shall lapse and all rights, obligations and liabilities of the Company and the Placing Agent thereunder shall cease and determine and neither the Company nor the Placing Agent shall have any claim against each other in respect of the Placing save for any antecedent breaches.

Termination

The Placing Agent reserves the right to terminate the arrangements set out in the Placing Agreement by notice in writing given to the Company prior to 10:00 a.m. on the completion date of the Placing, if in the reasonable opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any of the following events:

- (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

The principal terms and conditions of the Convertible Notes are summarized as follows:

Issuer:	The Company
Principal amount:	Not more than HK\$110.0 million
Interest rate:	Zero coupon
Denomination:	HK\$1,000,000 each
Maturity date:	the 5th anniversary of the date of issue of the Convertible Notes
Redemption amount:	100% of the principal amount
Conversion price:	(a) prior to the Capital Reduction and the Sub-division becoming effective, HK\$0.10 per Conversion Share (subject to adjustments as stated below); and (b) after the Capital Reduction and the Sub-division becoming effective, HK\$0.08 per Conversion Share (subject to adjustments as stated below)
Conversion period:	from the issue date of the Convertible Notes up to the maturity date of the Convertible Notes
Conversion rights:	Subject to, and upon compliance with, the provisions of the conditions to the Convertible Notes, the conversion rights attaching to any Convertible Notes may be exercised, at the option of the holder thereof, at any time during the conversion period in an amount representing a whole multiple of HK\$1,000,000, save that if at any time the outstanding principal amount of the Convertible Notes held by a holder is less than HK\$1,000,000, or if a holder intends to exercise the conversion rights attached to the entire principal amount of all the Convertible Notes held by him, the holder may convert the whole (but not part only) of the such outstanding principal amount of the Convertible Notes.
Adjustments to Conversion Price:	The Conversion Price shall from time to time be adjusted upon occurrence of certain events including but not limited to the following: (i) an alteration to the nominal value of the Shares by reasons of share consolidation or sub-division (for the avoidance of doubt, the Sub-division shall not give rise to any adjustment);

- (ii) an issue of Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) a capital distribution made by the Company to the Shareholders (whether on a reduction of capital or otherwise) or a grant by the Company to the Shareholders of rights to acquire for cash assets of the Company or any of its subsidiaries;
- (iv) an offer to Shareholders of new Shares by way of rights, or a grant of options or warrants to subscribe for new Shares to the Shareholders at a price which is less than 90% of the market price at the date of the announcement of the terms of the offer or grant;
- (v) (i) an issue by the Company wholly for cash of any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration per Share initially receivable for such securities is less than 90% of the market price at the date of the announcement of the terms of issue of such securities; and (ii) any modification of the rights of conversion or exchange or subscription attached to any such securities as are mentioned in (i) above so that the total effective consideration per Share initially receivable for such securities shall be less than 90% of the market price at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription; and for the purposes of this sub-paragraph, the “total effective consideration” receivable for the securities issued shall be deemed to be the consideration receivable by the Company for any such securities plus the additional minimum consideration (if any) to be received by the Company upon (and assuming) the conversion or exchange thereof or the exercise of such subscription rights, and the effective consideration per Share initially receivable for such securities shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange rate or the exercise of such subscription rights at the initial subscription price, in each case without any deduction for any commissions, discounts or expenses paid, allowed or incurred in connection with the issue;

- (vi) an issue by the Company of any Share wholly for cash at a price per Share which is less than 90% of the market price at the date of the announcement of the terms of such issue; and
- (vii) an issue by the Company of any Share for the acquisition of asset at a total effective consideration per Share which is less than 90% of the market price at the date of the announcement of the terms of such issue; and for the purpose of this sub-paragraph, the “total effective consideration” shall be the aggregate consideration credited as being paid for such Shares by the Company on acquisition of the relevant asset without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the “total effective consideration per Share” shall be the total effective consideration divided by the number of Shares issued as aforesaid.

Transferability:

the Convertible Notes are freely transferable (whether in whole or in part) except provided that: (i) it may not, without the prior written consent of the Company, be transferred to any person who is at the time of such transfer a connected person of the Company; and (ii) the principal amount to be transferred is in whole multiples of HK\$1,000,000 (or such lesser amount as may represent the entire principal amount thereof). Transfer of the Convertible Notes is further subject to rules and regulations of the Stock Exchange, the approval for listing and dealing in the Conversion Shares by the Listing Committee of the Stock Exchange, and all applicable laws and regulations.

Voting:

holder(s) of the Convertible Notes will not be entitled to attend or vote at any meetings of the Company by reason only of its being a holder(s) of the Convertible Notes.

Listing:

no application will be made for the listing of, or permission to deal in the Convertible Notes on the Stock Exchange or any other stock exchange. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Conversion Shares that may be issued upon the conversion of the Convertible Notes.

Ranking of Conversion
Shares:

the Conversion Shares will rank *pari passu* in all respects among themselves and with other Shares in issue on the date of allotment and issue of such Conversion Shares

Events of default:

If any of the following event or circumstances occurs, the holders of the Convertible Notes may give notice to the Company that the Convertible Notes shall, on the giving of such notice immediately, become due and payable at its principal amount and all other sums payable under the Convertible Notes:

- (i) the Company fails to pay any principal amount when due unless non-payment of such amount is due solely to administrative or technical error and payment is made within 7 days of the due date thereof; or
- (ii) the Company defaults in the performance or observance of or compliance with any of its other obligations set out herein which default is incapable of remedy or, if capable of remedy, is not remedied within 14 days after notice of the occurrence of such default by the holders of the Convertible Notes; or
- (iii) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any substantial part of the undertaking, property, assets or revenues of the Company or any of its major subsidiaries (and, where any such appointment is made in relation to a major subsidiary, the appointment is not discharged within 7 days of it being made); or
- (iv) the Company or any of its major subsidiaries becomes insolvent or is unable to pay its debts as they fall due or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or any of its major subsidiaries or the whole or any substantial part of the undertaking, property, assets or revenues of the Company or any of its major subsidiaries (and, where any such appointment is made in relation to a major subsidiary, the appointment is not discharged or withdrawn within 7 days of it being made) or takes any proceeding under any law for a readjustment or deferment of its respective obligations or any part of them or makes or enters into a general assignment or compromise with or for the benefit of its respective creditors; or

- (v) a petition is presented or a proceeding is commenced or an order is made or an effective resolution is passed for the winding-up, insolvency, administration or dissolution of the Company or any of its major subsidiaries (and where any such petition, proceeding or order is presented, commenced or made in relation to a major subsidiary, such petition, proceeding or order is not set aside or withdrawn within 7 days of it being filed, commenced or made), except in the case of winding-up of any subsidiaries of the Company in the course of internal reorganisation without involving insolvency; or
- (vi) a moratorium is agreed or declared in respect of any indebtedness of the Company or any of its major subsidiaries (and, in the case of a major subsidiary, is not lifted within 7 days of it being agreed or declared) or any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or a substantial part of the assets of the Company or any of its major subsidiaries; or
- (vii) a material breach of any of the terms of the Placing Agreement, including a breach of any warranty therein which is not discovered until after the issue and delivery of the Convertible Notes.

Conversion Price

The Conversion Price of the Convertible Notes of HK\$0.10 (prior to the Capital Reduction and the Sub-division becoming effective) per Conversion Share represents:

- (i) a discount of approximately 75.9% to the closing price of HK\$0.415 per Share as quoted on the Stock Exchange on 9 January 2015, being the Last Trading Day before the release of this announcement;
- (ii) a discount of approximately 73.8% to the average closing price of approximately HK\$0.381 per Share for the five trading days immediately prior to and including the Last Trading Day;
- (iii) a discount of approximately 73.3% to the average closing price of approximately HK\$0.375 per Share for the ten trading days immediately prior to and including the Last Trading Day; and
- (iv) a premium of approximately 733.3% over the unaudited consolidated net asset value attributable to the Shareholders as at 30 September 2014 of approximately HK\$0.012 per Share.

The Conversion Price of the Convertible Notes of HK\$0.08 (after the Capital Reduction and the Sub-division becoming effective) per Conversion Share represents:

- (i) a discount of approximately 80.7% to the closing price of HK\$0.415 per Share as quoted on the Stock Exchange on 9 January 2015, being the Last Trading Day before the release of this announcement;
- (ii) a discount of approximately 79.0% to the average closing price of approximately HK\$0.381 per Share for the five trading days immediately prior to and including the Last Trading Day;
- (iii) a discount of approximately 78.7% to the average closing price of approximately HK\$0.375 per Share for the ten trading days immediately prior to and including the Last Trading Day; and
- (iv) a premium of approximately 566.7% over the unaudited consolidated net asset value attributable to the Shareholders as at 30 September 2014 of approximately HK\$0.012 per Share.

The Conversion Price was determined with reference to the historical trading price and volume of the Shares prior to the release of the announcement of the Company dated 10 October 2014 in relation to the Previous Acquisition, and was negotiated on an arm's length basis between the Company and the Placing Agent.

The Directors consider that the Conversion Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole after considering: (i) the size of the fund raising which is approximately 3.7 times higher than the placing of new shares completed on 22 October 2014; (ii) the financial position of the Group (based on the 2014 unaudited interim report of the Company, the Group only had cash and bank deposits of approximately HK\$199,000 and a gearing ratio (the ratio of long term borrowings to total equity) of approximately 451% as at 30 September 2014); (iii) the difficulties in obtaining additional bank financings without additional securities by charging on the Group's assets; (iv) the time and costs required in relation to other alternative equity financings such as rights issue and open offer; and (v) the short timeframe for fund raising for the Acquisition and settlement of the second instalment of the consideration payable in connection with the Previous Acquisition. In light of the above, the Directors are of the view that a substantial discount to the recent share price of the Shares is necessary in order to attract potential investors.

The Conversion Shares upon conversion of the Convertible Notes will be issued and allotted under the Specific Mandate proposed to be sought from the Shareholders by way of poll at the EGM.

Listing Application

Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

As set out in this announcement, the Purchaser and the Vendor entered into the Acquisition Agreement to acquire the Sale Shares at a total consideration of HK\$37,500,000.

Assuming that the Convertible Notes are fully placed, the gross proceeds from the Placing are estimated to be approximately HK\$110.0 million, and the net proceeds from the Placing, after deducting placing commission and other related expenses in connection with the Placing of approximately HK\$0.8 million, are estimated to be approximately HK\$109.2 million. The Company intends to apply part of the net proceeds to satisfy the Consideration of HK\$37.5 million and the second instalment of the consideration payable in connection with the Previous Acquisition of approximately HK\$2.1 million; the remaining balance of the net proceeds of approximately HK\$69.6 million will be used as working capital of the Group (including but not limited to the repayment of borrowings of the Group and/or future investments and/or developments of the Group, in particular, the Target Group).

The Directors consider that the placing of the Convertible Notes will improve the cash flow position and liquidity and therefore strengthen the financial position of the Group. The Directors consider that the Placing Agreement (including the terms relating to the Conversion Price and the placing commission) has been entered into on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

Date of announcement	Capital raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
10 October 2014	Placing of 225,500,000 new Shares	HK\$27.9 million	To be used for settlement of part of the consideration of HK\$30 million in connection with the Previous Acquisition	Payment of the first instalment of approximately HK\$27.9 million in connection with the Previous Acquisition on 22 October 2014

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Details of the shareholding structure of the Company (i) as at the date of this announcement; (ii) the allotment and issue of the Conversion Shares upon full exercise of the conversion rights of the Convertible Notes prior to the Capital Reduction and the Sub-division becoming effective (assuming there is no other change in the issued share capital of the Company, from the date of this announcement); and (iii) the allotment and issue of the Conversion Shares upon full exercise of the conversion rights of the Convertible Notes after the Capital Reduction and the Sub-division becoming effective (assuming there is no other change in the issued share capital of the Company and no exercise of the conversion rights of the Convertible Notes, from the date of this announcement) are set out below:

	As at the date of this announcement		Upon full conversion of the Convertible Notes prior to the Capital Reduction and the Sub-division becoming effective (assuming the Convertible Notes are fully placed)		Upon full conversion of the Convertible Notes after the Capital Reduction and the Sub-division becoming effective (assuming the Convertible Notes are fully placed)	
	Shares	% (Approximate)	Shares	% (Approximate)	Shares	% (Approximate)
Gold City Assets Holdings Ltd. (Note 1)	337,920,000	24.97	337,920,000	13.78	337,920,000	12.39
Mr. Tong Wang Chow (Note 2)	72,904,000	5.39	72,904,000	2.97	72,904,000	2.67
Spouse of Mr. Tong Wang Chow	5,000,000	0.37	5,000,000	0.20	5,000,000	0.18
Mr. Huang Shih Tsai (Note 3)	155,000,000	11.45	155,000,000	6.32	155,000,000	5.68
<i>Subtotal</i>	570,824,000	42.18	570,824,000	23.27	570,824,000	20.92
Public Shareholders						
– Placees	–	–	1,100,000,000	44.84	1,375,000,000	50.40
– Other public Shareholders	782,304,000	57.82	782,304,000	31.89	782,304,000	28.68
Total	1,353,128,000	100.00	2,453,128,000	100.00	2,728,128,000	100.00

Notes:

- Gold City Assets Holdings Ltd. is a company owned as to 51% by Ms. Ng Mui King, Joky and 49% by Fine Day Asset Holdings Inc.. Ms. Ng Mui King, Joky is an executive Director and also a director of Gold City Assets Holdings Ltd.. Ms. Yang Cheng is the 100% beneficial owner of Fine Day Asset Holdings Inc..
- Mr. Tong Wang Chow is the elder brother of Mr. Tong Wang Shun, an executive Director.
- Mr. Huang Shih Tsai (“Mr. Huang”) has a total interest in 324,200,000 shares, of which (i) 155,000,000 shares were allotted to Mr. Huang on 15 August 2011 as partial consideration for the acquisition of 100% equity interest in a company wholly-owned by Mr. Huang; and (ii) 169,200,000 shares relate to Mr. Huang’s derivative interests in a convertible note.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the Previous Acquisition and the Acquisition took place within a 12-month period, the Previous Acquisition and the Acquisition are required to be aggregated under Rule 19.22 of the GEM Listing Rules.

As one or more of the applicable percentage ratios in respect of the Acquisition in aggregate with the Previous Acquisition under Rule 19.07 of the GEM Listing Rules are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under the GEM Listing Rules which is subject to the reporting, announcement and shareholders' approval requirements. Resolutions will be proposed to the Shareholders for approval of, among other things, (i) the Acquisition Agreement; and (ii) the issue and allotment of the Conversion Shares upon conversion of the Convertible Notes under the Specific Mandate.

PROPOSED INCREASE IN AUTHORIZED SHARE CAPITAL OF THE COMPANY

As at the date of this announcement, the authorised share capital of the Company is HK\$200,000,000 divided into 2,000,000,000 shares of HK\$0.10 each. In anticipation of the issue of the Conversion Shares upon conversion of the Convertible Notes and in order to provide for further flexibility and accommodate future expansion and growth of the Group, the Board proposes to seek the approval of the Shareholders for increasing its authorised share capital from HK\$200,000,000 divided into 2,000,000,000 Shares to HK\$300,000,000 divided into 3,000,000,000 Shares by the creation of an additional 1,000,000,000 new Shares. The new Shares will rank *pari passu* with the existing Shares upon issue.

PROPOSED CAPITAL REDUCTION AND SUB-DIVISION

As at the date of this announcement, the authorised share capital of the Company is HK\$200,000,000 divided into 2,000,000,000 Shares of HK\$0.10 each, of which 1,353,128,000 Shares have been issued and are fully paid or credited as fully paid. The Board proposes the Capital Reduction to be implemented in the following manner:

- (i) the paid-up capital of each of the issued Shares will be reduced from HK\$0.10 to HK\$0.01 per Share by cancelling paid-up capital of HK\$0.09 per Share by way of a reduction of capital, so as to form ordinary shares with par value of HK\$0.01 each;
- (ii) the credit arising from the Capital Reduction will be applied towards cancelling the accumulated deficit of the Company as at the effective date of the Capital Reduction (if any) with the balance (if any) to be transferred to the capital reduction reserve account of the Company or other reserve account of the Company which may be utilised by the Directors as a distributable reserve in accordance with the articles of association of the Company and all applicable laws; and
- (iii) immediately following the Capital Reduction, each of the authorised but unissued ordinary shares with par value of HK\$0.10 each will be subdivided into ten (10) New Shares of HK\$0.01 each, and such authorised but unissued New Shares, when issued shall rank *pari passu* in all respects with each other and have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.

For the avoidance of doubt, the authorised share capital of the Company after the effective date of the Capital Reduction will be HK\$200,000,000 divided into 20,000,000,000 New Shares of HK\$0.01 each.

Reasons for and effects of the Capital Reduction and Sub-division

The Board considers that the proposed Capital Reduction will enable the nominal value of the Shares to be reduced from HK\$0.10 each to HK\$0.01 each. In addition, the credit arising from the Capital Reduction will be applied towards cancelling the accumulated deficit of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated loss of the Group. The balance of credit (if any) will be transferred to the capital reduction reserve account of the Company or other reserve account of the Company which may be utilised by the Directors as a distributable reserve and will facilitate payment of dividends as and when the Directors consider it appropriate in the future. The Sub-division is necessary to sub-divide the par value of each of the authorised but unissued Shares from HK\$0.10 to HK\$0.01 so that the par value of all issued and unissued New Shares will be HK\$0.01 each.

Save for applying the credit sum arising from the Capital Reduction towards cancelling the accumulated deficit of the Company and the expenses to be incurred in relation to the Capital Reduction, the Directors consider that the Capital Reduction and Sub-division will have no effect on the underlying assets, business operations, management or financial position of the Company or the proportional interests of the Shareholders in the Company.

The Board considers that it is in the best interest of the Company and its Shareholders as a whole to implement the Capital Reduction and Sub-division.

Conditions of the Capital Reduction and Sub-division

The Capital Reduction and Sub-division are conditional on the following conditions being fulfilled:

- (i) the Shareholders' approval by way of special resolution at the EGM of the Company to be convened to approve, among other things, the Capital Reduction and Sub-division;
- (ii) the Court approving the Capital Reduction and compliance with any conditions which the Court may impose;
- (iii) registration by the Registrar of Companies of the Cayman Islands of the order of the Court confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Law; and
- (iv) the GEM Listing Committee granting the listing of, and permission to deal in, the New Shares arising from the Capital Reduction and Sub-division.

The Capital Reduction and Sub-division will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Capital Reduction and Sub-division at the EGM, the legal advisers to the Company (as to the Cayman Islands Law) will apply to the Court for hearing dates to confirm the Capital Reduction and a tentative timetable will be announced as and when appropriate in accordance with the GEM Listing Rules.

Listing application and other trading arrangements

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 New Shares arising from the Capital Reduction and Sub-division.

The New Shares will be identical in all respects and rank pari passu in all respects with each other as to all future dividends and distributions which are declared, made or paid. Details of the related trading arrangements will be provided in the circular to be despatched to Shareholders.

REFRESHMENT OF CURRENT GENERAL MANDATE

Current General Mandate

At the AGM, the Shareholders approved, among other things, an ordinary resolution for granting the Directors the Current General Mandate to allot and issue not more than 225,525,600 Shares, being 20% of the then issued share capital of the Company of 1,127,628,000 Shares as at the date of the AGM.

On 10 October 2014 (after trading hours), a placing agreement was entered into between the Company and RHB OSK Securities Hong Kong Limited, pursuant to which the placing agent has agreed to place, on a best effort basis, up to 225,500,000 Shares. After completion of the placing, the Current General Mandate has been utilised as to approximately 99.99%. As at the date of this announcement, the Company may issue up to only 25,600 Shares under the Current General Mandate. The Company has not refreshed the Current General Mandate since the AGM and up to the date of this announcement.

Proposed refreshment of Current General Mandate

The Company will convene the EGM at which an ordinary resolution will be proposed to the Independent Shareholders that the Directors will be granted the New General Mandate to allot and issue Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the relevant ordinary resolution at the EGM.

GENERAL

The circular containing, among other things, (i) further details of the Acquisition; (ii) an accountant's report of the Target Group; (iii) the unaudited pro forma financial information of the Enlarged Group; (iv) the proposed placing of the Convertible Notes under the Specific Mandate; (v) the proposed increase in the authorised share capital of the Company; (vi) the proposed Capital Reduction and Sub-division; and (vii) the refreshment of Current General Mandate to issue new Shares, together with the notice of EGM and other information as required under the GEM Listing Rules is expected to be despatched to the Shareholders on or before 17 February 2015 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

As the Acquisition and the Placing are subject to various conditions and may or may not proceed, the Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the terms and conditions as set out in the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement dated 9 January 2015 entered into between the Vendor and the Purchaser in relation to the Acquisition
“AGM”	the annual general meeting of the Company held on 1 August 2014 in which the Shareholders had approved, among other matters, the Current General Mandate
“associate(s)”	with the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday or a Sunday) on which banks generally are open for business in Hong Kong
“Capital Reduction”	the proposed reduction of the par value of each issued Share from HK\$0.10 to HK\$0.01 by cancelling paid up capital to the extent of HK\$0.09 on each Share
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961), as consolidated and revised of the Cayman Islands
“Company”	Great World Company Holdings Ltd, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
“Completion Date”	the 5th Business Day after the fulfilment (or waiver, as the case may be) of all the conditions precedent in the Acquisition Agreement, or such other date as may be agreed between the Purchaser and the Vendor
“connected person(s)”	the meaning ascribed thereto in the GEM Listing Rules

“Consideration”	the total consideration for the Acquisition, being HK\$37,500,000
“Convertible Notes”	zero coupon convertible notes to be issued by the Company in an aggregate principal amount of not less than HK\$70.0 million and not more than HK\$110.0 million
“Conversion Price”	HK\$0.10 per Conversion Share prior to the Capital Reduction and the Sub-division becoming effective; and HK\$0.08 per Conversion Share after the Capital Reduction and the Sub-division becoming effective, subject to adjustments
“Conversion Rights”	the rights attached to the Convertible Notes to convert the same or a part thereof into Conversion Shares
“Conversion Share(s)”	the new Share(s) issuable upon exercise of the Conversion Rights attaching to the Convertible Notes
“Court”	The Grant Court of the Cayman Islands
“Current General Mandate”	the general mandate granted to the Directors at the AGM to issue and allot a maximum of 225,525,600 Shares, representing 20% of the issued share capital of the Company on the date of AGM
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be convened and held by the Company for the Independent Shareholders to consider and, if thought fit, approve (i) the Acquisition Agreement; (ii) the Placing, the issue and allotment of the Conversion Shares upon conversion of the Convertible Notes under the Specific Mandate; (iii) the proposed increase in the authorised share capital of the Company; (iv) the Capital Reduction and Sub-division; and (v) the refreshment of Current General Mandate
“Enlarged Group”	the Group as enlarged by the Acquisition
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the listing committee of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	parties which are not connected persons (as defined in the GEM Listing Rules) of the Company and are independent of the Company and its connected persons
“Last Trading Day”	9 January 2015, being the last trading day in the Shares immediately before the date on which the Acquisition Agreement was signed
“New Share(s)”	new ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company after the Capital Reduction and the Sub-division becoming effective
“Placee(s)”	the placees to be procured by the Placing Agent pursuant to the terms and condition of the Placing Agreement
“Placing”	the placing of the Convertible Notes in accordance with the terms of the Placing Agreement
“Placing Agent”	RHB OSK Securities Hong Kong Limited, a licensed corporation to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 9 January 2015 entered into between the Company and the Placing Agent in relation to the Placing
“PRC”	the People’s Republic of China
“Previous Acquisition”	the acquisition of approximately 36.36% equity interest in the Target Company pursuant to the Previous Acquisition Agreement, details of which are set out in the announcement of the Company dated 10 October 2014
“Previous Acquisition Agreement”	the sale and purchase agreement dated 10 October 2014 entered into between the Purchaser and the Vendor in relation to the Previous Acquisition
“Purchaser”	Hi-Smart Technology Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Sale Shares”	10 shares of US\$1 each in the issued share capital of the Target Company, representing approximately 45.46% of the issued share capital of the Target Company
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share(s)”	the ordinary share(s) with par value of HK\$0.10 each in the share capital of the Company, or the New Share(s) (after the Capital Reduction and the Sub-division becoming effective)
“Shareholder(s)”	holder(s) of the Shares
“Specific Mandate”	the specific mandate proposed to be sought at the EGM to authorise the Directors to allot and issue the Conversion Shares upon conversion of the Convertible Notes
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-division”	the proposed sub-division of each authorised but unissued Shares into 10 New Shares
“Supplemental Agreement”	the supplemental agreement dated 9 January 2015 entered into between the Purchaser and the Vendor to amend the payment terms of the Previous Acquisition Agreement
“Target Company”	Yenbo Gain Limited, a company incorporated in the British Virgin Islands with limited liability with an issued share capital of 22 shares of US\$1 each, which is owned as to approximately 36.36%, 45.46% and 18.18% by the Company, the Vendor and an Independent Third Party respectively as at the date of this announcement
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Mr. Zhang Yong, an approximately 45.46% legal and beneficial owner of the Target Company as at the date of this announcement
“%”	per cent

By Order of the Board
Great World Company Holdings Ltd
Ng Mui King, Joky
Chairman

Hong Kong, 9 January 2015

As at the date of this announcement, the Board comprises (i) four executive directors, namely Ms. Ng Mui King, Joky, Mr. Tong Wang Shun, Ms. Zeng Jieping and Mr. Zhang Yanqiang; and (ii) three independent non-executive directors, namely Mr. Chung Koon Yan, Mr. Chan Ying Cheong and Ms. Zhao Yongmei.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website (<http://www.hkgem.com>) for at least 7 days from the date of its publication and on the Company’s website (<http://www.gwchl.com>).