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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)

**PROPOSED ISSUANCE OF
CONVERTIBLE NOTE UNDER GENERAL MANDATE**

On 09 March 2022 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the zero-coupon Convertible Note in the principal amount of HK\$3,500,000.00.

Based on the initial Conversion Price of HK\$1.00 per Conversion Share and assuming full conversion of the Convertible Note at the initial Conversion Price, the Convertible Note will be convertible into 3,500,000 Conversion Shares, representing approximately 1.06% of the total number of issued Shares of 330,271,600 Shares as at the date of this announcement, and approximately 1.05% of the enlarged total number of issued Shares of 333,771,600 Shares immediately after full conversion of the Convertible Note, assuming no other change in the issued share capital of the Company other than the Conversion Shares after the date of this announcement.

The Conversion Shares, which fall to be issued and allotted upon the exercise of the Conversion Rights attaching to the Convertible Note, will be issued and allotted under the General Mandate.

No application has been or will be made for the listing of the Convertible Note on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Completion of the Subscription Agreement is subject to fulfilment of the conditions thereunder. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Board is pleased to announce that on 09 March 2022 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the Convertible Note in the principal amount of HK\$3,500,000.00.

SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are summarised below:

Date: 09 March 2022 (after trading hours)

Parties: (1) The Company (as the Issuer); and
(2) Ms. Cheng Peng (程鵬) (as the Subscriber).

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

Conditions Precedent: Completion of the Subscription Agreement shall be subject to and conditional upon:

- (1) the GEM Listing Committee having granted approval to the listing of, and the permission to deal in, the Conversion Shares (and such listing and permission not being subsequently revoked prior to the Completion);
- (2) all obligations under the Transaction Documents required to be performed by the Company on or before the Completion Date have been performed;
- (3) all Authorisations that are required in connection with the lawful issuance and subscription of the Convertible Note between the Company and the Subscriber pursuant to the Subscription Agreement shall be obtained and effective as of the Completion Date;

- (4) the Subscriber having received each of the documents and evidence set out in the Subscription Agreement in form and substance satisfactory to the Subscriber on or prior to the Completion Date;
- (5) the representations and warranties of the Company contained in the Subscription Agreement being true, accurate, correct and not misleading in all material respects as of the date of the Subscription Agreement and the Completion Date; and
- (6) no Event of Default would result from the proposed issuance by the Company of the Convertible Note to the Subscriber or from the Conversion.

The Subscriber may at any time before the Completion waive the conditions precedent stated in (4) to (6) above in part or in full by notice in writing to the Company. The conditions precedent as stated in (1) to (3) are not waivable by either the Subscriber or the Company.

Completion:

Subject to the conditions precedent being satisfied or otherwise waived by the Subscriber (as the case may be), the Completion shall take place at 4:30 p.m. on the Completion Date at the principal place of business of the Company in Hong Kong (or such other time, date and place as may be agreed by the Company and the Subscriber).

Termination:

The Subscription Agreement may be terminated (i) by the Subscriber if any one or more of the conditions precedents is not fulfilled, satisfied or waived on or before the Long Stop Date; or (ii) by mutual written consent of the Company and the Subscriber. Upon termination, the obligations of the parties shall immediately cease and be null and void and none of the parties to the Subscription Agreement shall, save as provided in the Subscription Agreement and for any right or liability accrued before such termination (including any antecedent breach of the terms of the Subscription Agreement), have any right against or liability towards the other party arising out of or in connection with the Subscription Agreement and/or the Transaction Documents.

PRINCIPAL TERMS OF THE CONVERTIBLE NOTE

The principal terms of the Convertible Note is summarised below:

Issuer:	The Company
Principal Amount:	HK\$3,500,000.00
Maturity Date:	By 4:00 p.m. on the date falling on the 36th month (i.e. three (3) years) after the date of issuance of the Convertible Note pursuant to the Note Instrument (or, if that is not a Business Day, the first Business Day thereafter)
Interest:	The Convertible Note shall be a zero-coupon convertible note and does not bear any interest.
Conversion Price:	The Conversion Price shall be HK\$1.00 per Conversion Share (subject to adjustments).
Conversion Shares:	<p>Based on the initial Conversion Price and assuming full conversion of the Convertible Note at the initial Conversion Price, the Convertible Note will be convertible into 3,500,000 Conversion Shares, representing:</p> <ol style="list-style-type: none">(1) approximately 1.06% of the total number of issued Shares of 330,271,600 Shares as at the date of this announcement; and(2) approximately 1.05% of the enlarged total number of issued Shares of 333,771,600 Shares immediately after full conversion of the Convertible Note, assuming no other change in the issued share capital of the Company other than the Conversion Shares after the date of this announcement. <p>The Conversion Shares will be allotted and issued under the General Mandate.</p>
Conversion Period:	The “Conversion Period” in respect of the Convertible Note shall be the period beginning on, and including, the date of issuance of the Convertible Note and ending on, and including, 5:00 p.m. on the Business Day before the Maturity Date.

Rights and limitations to Conversion:

Subject to and in compliance with the Terms and Conditions, the Noteholder(s) shall be entitled to convert the whole or any portion of the Convertible Note into Conversion Shares to be issued by the Company and listed and traded on the GEM of the Stock Exchange at the Noteholder's election at any time during the Conversion Period at the Conversion Price.

If (i) the issue of the Shares in satisfaction of the right(s) to Conversion by the Noteholder(s) in respect of the Convertible Note would result in the Company failing to meet its obligation under the GEM Listing Rules to maintain the minimum prescribed percentage of the Shares that must at all times remain in public hands (as defined in the GEM Listing Rules) or such other lower percentage permitted by the Stock Exchange at its discretion, or if (ii) the issue of the Shares in satisfaction of the right(s) to Conversion by the Noteholder(s) in respect of the Convertible Note would result in (a) any person holding thirty (30)% or more of the total voting Shares of the Company; or (b) any person or persons being under the obligations to make offer(s) for the securities of the Company under the Takeovers Code, then, to such extent, such right(s) to Conversion in respect of the Convertible Note shall be deemed not to have been exercised and the notice of Conversion in respect of such right(s) to Conversion shall be withdrawn, without prejudice whatsoever to any later exercise of such right(s).

Adjustment Events:

The Conversion Price shall from time to time be subject to adjustment upon occurrence of certain events, including (i) consolidation, subdivision, re-denomination or re-classification of Shares; (ii) capitalisation of profits or reserves; (iii) distributions; (iv) rights issues of Shares or options over Shares; (v) issue of Shares, any options, warrants or other rights to subscribe for or purchase Shares at less than 90% of the market price of the Shares as of the date of issue; and (vi) issue of convertible securities carrying rights of conversion at a consideration per share less than 90% of the market price of the Shares as of the date of issue.

Cash settlement top-up: If, as a result of an adjustment of the Conversion Price, additional Shares are issuable upon the Noteholder(s) exercise of his/her/its right(s) to Conversion in relation to the Convertible Note and following which the total number of Conversion Shares issuable upon such exercise would otherwise exceed the then maximum number of Shares that the Company may issue at that time pursuant to the General Mandate (such excess Shares, the “**Excess Shares**”), the Company will send a written notice in writing in accordance with the Terms and Conditions, setting out the amount of cash settlement sum payable by the Company to the Noteholder(s), being an amount arrived at by multiplying (a) the number of Excess Shares; by (b) the market price of the Excess Shares on the relevant exercise date.

Redemption upon Maturity: Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions, the Company shall redeem all the outstanding Convertible Note held by the Noteholder(s) on the Maturity Date, at the Redemption Amount.

The Noteholder(s) may not redeem the Convertible Note before the Maturity Date unless an Event of Default occurs and the Noteholder(s) lodges a notice of repayment in accordance with the Terms and Conditions, giving notice to the Company that the Convertible Note is due and payable. Upon the occurrence of any of the Event of Default, the Noteholder(s) shall be entitled to require, by lodging the notice of repayment, the Convertible Note to be redeemed with an amount equal to the aggregate of (i) the Redemption Amount; and (ii) any other payment accrued and unpaid to the Noteholder(s) pursuant to the Terms and Conditions (if applicable), which shall become due and payable at the time of such notice of repayment.

Events of Default: The Convertible Note is, and shall become, immediately due and repayable in accordance with the Terms and Conditions, upon the occurrence and continuance of any of the events of default as follows:

- (a) a default is made by the Company in the performance or observance of any covenant, condition or provision contained in the Note Instrument or in the Convertible Note or the Subscription Agreement and such default continues for the period of twenty-eight (28) days next following the service by the Noteholder(s) on the Company of notice specifying brief details of such default; or

- (b) a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved, otherwise, in any such case, than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reorganisation; or
- (c) an encumbrancer takes possession or a receiver is appointed of the whole or a material part of the assets or undertaking of the Company and/or any of its subsidiaries; or
- (d) a distress, execution or seizure before judgment is levied or enforced upon or sued out against a material part of the property of the Company and/or any of its subsidiaries and is not discharged within fourteen (14) days thereof; or
- (e) the Company or any of its subsidiaries is unable to pay its debts as and when they fall due or the Company and/or any of its subsidiaries shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, reorganisation or insolvency law or make an assignment for the benefit of, or enter into any composition with, its creditors; or
- (f) proceedings shall have been initiated against the Company and/or any of its subsidiaries under any applicable bankruptcy, reorganisation or insolvency law and such proceedings shall not have been discharged or stayed within a period of twenty-eight (28) days.

Ranking:

Conversion Shares issued upon exercise of conversion rights attached to the Convertible Note shall rank *pari passu* with, and carry the same rights in all aspects (including the rights to dividends) as, the other Shares then in issue.

Listing:

The Convertible Note will not be listed on the Stock Exchange or any other stock exchange. Application will be made by the Company to the GEM of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

BASIS OF DETERMINATION OF THE CONVERSION PRICE

The Conversion Price of HK\$1.00 represents:

- (1) a premium of 63.93% to the closing price of HK\$0.61 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (2) a premium of approximately 63.93% to the average closing price per Share of approximately HK\$0.61 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Subscription Agreement; and
- (3) a premium of approximately 65.02% to the average closing price per Share of approximately HK\$0.606 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of the Subscription Agreement.

The Conversion Price was arrived at based on arm's length negotiations between the parties to the Subscription Agreement with reference to the historical price trend and trading volume of the Shares, the existing capital market conditions, the funding needs and financial and trading prospects of the Group's business.

The Directors consider that the Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 330,271,600 Shares in issue. Set out below is a table showing the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after full conversion of the Convertible Note (assuming that the Conversion Price is HK\$1.00 and no other change in the issued share capital of the Company other than the Conversion Shares):

Name of Shareholder	As at the date of this announcement		Immediately after exercise of the conversion rights under the Convertible Note	
	Number of Shares	Approximate % shareholding	Number of Shares	Approximate % shareholding
Win Bless Limited and Mr. Zhao Xinyan (Note 1)	49,128,000	14.88	49,128,000	14.72
Gold City Assets Holdings Ltd. (Note 2)	33,792,000	10.23	33,792,000	10.13
Ms. Lin Shunping (Note 3)	19,900,000	6.03	19,900,000	5.96
The Subscriber	–	–	3,500,000	1.05
Other Shareholders	227,451,600	68.86	227,451,600	68.14
Total	<u>330,271,600</u>	<u>100.00</u>	<u>333,771,600</u>	<u>100.00</u>

Notes:

1. Win Bless Limited is a company incorporated in Hong Kong of which the issued share capital is beneficiary owned by Mr. Zhao Xinyan, an executive director of the Company.
2. Gold City Assets Holdings Ltd. is a company incorporated in British Virgin Islands of which the issued share capital is beneficiary owned by Ms. Ng Mui King, Joky, a non-executive director of the Company.
3. The Shares were issued to Ms. Lin Shunping on 27 March 2020, pursuant to the Convertible Note issued by the Company on 30 March 2015.

INFORMATION ON THE SUBSCRIBER

The Subscriber, Ms. CHENG Peng (程鵬) is a merchant with substantial investment experience in securities in Hong Kong and the PRC.

INFORMATION ON THE GROUP

The Group is principally engaged in the businesses of (i) intelligent advertising and railroad media, (ii) agricultural, forestry and consumer products, (iii) supply-chain and (iv) property.

REASONS FOR THE ISSUANCE OF THE CONVERTIBLE NOTE AND THE PROPOSED USE OF PROCEEDS

The estimated net proceeds from the issue of the Convertible Note, after deduction of estimated expenses payable in connection with the issue of the Convertible Note, will amount to approximately HK\$3,460,000.

The Directors (including the Independent Non-executive Directors) are of the view that the issuance of Convertible Note represents opportunity to raise additional fund for the Group to enhance its general working capital for developing its existing and further potential advertising derivative business and preparing itself to take up investment opportunities in the future with readily available funds, which is in the interests of the Group and Shareholders of the Company as a whole.

The Directors consider that the Subscription Agreement (including the terms relating to Conversion Price and the Redemption Amount) has been entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber and that the terms of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Save for the fund raising activity mentioned below, the Company has not conducted any equity fund raising activities in the past twelve (12) months immediately preceding the date of this announcement.

Date of announcement	Fund raising activities	Net proceeds	Intended use of the net proceeds	Actual use of the net proceeds
7 April 2021 and 30 April 2021	Issuance of 50,000,000 Shares pursuant to and in accordance with the placing agreement dated 7 April 2021 at the placing price of HK\$0.1 per Share under general mandate granted by the Shareholders at the annual general meeting of the Company held on 6 August 2020	Approximately HK\$4.81 million	Supplementing the working capital of the Company	Fully utilized for the purpose as planned

GENERAL MANDATE

The issue of the Convertible Note and the Conversion Shares is not subject to further Shareholders' approval. The Conversion Shares will be issued pursuant to the General Mandate, subject to the limit of up to 66,054,320 Shares (representing 20% of the issued share capital of the Company on the date on which the General Mandate was granted). As at the date of this announcement, the General Mandate has not been utilised. Assuming full conversion of the Convertible Note, the Conversion Shares will utilise a maximum of, based on the initial Conversion Price, approximately 3,500,000 Shares under the General Mandate.

APPLICATION FOR LISTING

No application will be made by the Company to the GEM Listing Committee for listing of the Convertible Note. An application will be made to the GEM Listing Committee for the listing of, and permission to deal in, the Conversion Shares on the GEM of the Stock Exchange.

Completion of the Subscription Agreement is subject to fulfilment of the conditions precedent thereunder. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Authorization”	an authorization, consent, approval, resolution (whether from the Board or the Shareholders), licence, exemption, filing, notarization or registration;
“Board”	the board of Directors;
“Business Day”	any day (excluding a Saturday and any day on which a tropical cyclone warning No.8 or above or a black rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9 a.m. to 12 noon and is not lowered or discontinued at or before 12 noon) on which banks generally open for business in Hong Kong and the GEM of the Stock Exchange is open for the business of dealing in securities;
“Company”	Great World Company Holdings Ltd (stock code: 8003), a company incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on GEM of the Stock Exchange;
“Completion”	the completion of the issuance of and subscription for the Convertible Note between the Company and the Subscriber pursuant to and in accordance the Subscription Agreement;

“Completion Date”	the date of which Completion occurs in accordance with the Subscription Agreement, which shall in any event be no later than the Long Stop Date;
“Conversion”	the conversion of the Convertible Note into the Conversion Shares during the Conversion Period based on the Conversion Price as provided in and subject to and in accordance with the Terms and Conditions;
“Conversion Period”	the period beginning on, and including, the date of the issuance of the Convertible Note and ending on, and including, 5:00 p.m. on the Business Day before the Maturity Date;
“Conversion Price”	the conversion price of the Convertible Note, initially being HK\$1.00 per Conversion Share (subject to adjustments);
“Conversion Shares”	the Shares to be allotted and issued upon the Conversion, the number of which will, subject to any adjustment events as provided in the Terms and Conditions, be determined by dividing the principal amount of the Convertible Note by the Conversion Price, which is estimated to be 3,500,000 Shares;
“Convertible Note”	the three (3) year zero-coupon unlisted convertible note for the principal amount of HK\$3,500,000.00 in registered form to be issued by the Company in accordance with the Subscription Agreement and constituted by the Company through the Note Instrument;
“Director(s)”	the director(s) of the Company;
“Event(s) of Default”	any event(s) or circumstance(s) specified as such in the Terms and Conditions which entitles the Noteholder(s) to notify the Company for repayment of the Convertible Note on demand;
“GEM”	GEM operated by the Stock Exchange;
“GEM Listing Committee”	the GEM listing sub-committee of the board of directors of the Stock Exchange with responsibility for considering applications for listing and the granting of listing on the GEM of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange;

“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 29 September 2021 to allot and issue up to 20% of the total number of the Shares in issue as at the date of the annual general meeting;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and the connected persons of the Company in accordance with the GEM Listing Rules;
“Long Stop Date”	the date ending one month immediately after the date of the Subscription Agreement, or such other date as may be extended by the Subscriber in writing by notice to the Company;
“Maturity Date”	by 4:00 p.m. on the date falling on the 36th month (three (3) years) after the date of issuance of the Convertible Note pursuant to the Note Instrument (or, if that is not a Business Day, the first Business Day thereafter);
“Noteholder(s)”	a person(s) who is(are) the registered holder(s) of the Convertible Note;
“Note Instrument”	the instrument of the Convertible Note executed by the Company by way of a deed poll;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;

“Redemption Amount”	an amount equal to the principal amount for the subscription of the Convertible Note, being HK\$3,500,000.00;
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.1 each of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Ms. CHENG Peng (程鵬);
“Subscription”	the subscription of Convertible Note pursuant to and subject to the conditions of the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 09 March 2022 entered into between the Company and the Subscriber in relation to the conditional issuance of and subscription for the Convertible Note;
“Takeovers Code”	The Codes on Takeover and Mergers and Share Buy-backs issued by the Securities and Futures Commission;
“Terms and Conditions”	the terms and conditions under the Note Instrument on which the Convertible Note shall be issued by the Company;
“Transaction Documents”	the Subscription Agreement, the Note Instrument, and the certificate in respect of the Convertible Note;
“%”	per cent.

By order of the Board
Great World Company Holdings Limited
Ng Mui King, Joky
Chairman

Hong Kong, 9 March 2022

As at the date of this announcement, the Board comprises (i) three executive directors, namely Mr. Zhang Yanqiang, Mr. Gu Zhonghai and Mr. Zhao Xinyan; (ii) one non-executive director, namely Ms. Ng Mui King, Joky; and (iii) three independent non-executive directors, namely Mr. Chung Koon Yan, Ms. Zhao Yongmei and Mr. Jing Baoli.

This announcement, for which the directors of the Company 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 of the Company, 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 (www.hkgem.com) for at least 7 days from the date of its publication and on the Company’s website (<http://www.gwchl.com>).