THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Great World Company Holdings Ltd (the "Company")**, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

世大控股有限公司
GREAT WORLD COMPANY HOLDINGS LTD

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8003)

VERY SUBSTANTIAL ACQUISITION

Joint Financial Advisers

寶橋 BRIDGE PARTNERS

BRIDGE PARTNERS CAPITAL LIMITED

招商證券(香港)有限公司
CHINA MERCHANTS SECURITIES (HK) CO., LTD.

A notice of the extraordinary general meeting of the Company (the "EGM") to be held at 10:00 a.m. on Wednesday, 27 April 2011 at Rooms 1803-04, 18/F., Chinachem Tower, 34-37 Connaught Road Central, Hong Kong is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar and transfer office of the Company, Hong Kong Registrars Limited, at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof (as the case maybe). 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.

This circular will remain on the GEM website at http://www.hkgem.com on the "Latest Company Announcements" page for seven days from the date of its publication and on the website of the Company at http://www.gwchl.com.

8 April 2011

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

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

"Acquisition"	the acquisition of the Sale Interest from the Vendor by the Purchaser pursuant to the Acquisition Agreement
"Acquisition Agreement"	conditional agreement dated 25 February 2011 (and as amended by a supplemental agreement dated 2 March 2011 regarding, among other things, the inclusion of an additional condition relating to the obtaining of the pre-sales permit (預售許可證) by the Target Group for the sale of the residential development of the Property) entered into by the Purchaser and the Vendor pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell the Sale Interest for an aggregate consideration of HK$150,800,000 (subject to adjustment)
"Anniversary Date"	the first anniversary of Completion
"Announcement"	the announcement of the Company dated 2 March 2011 in relation to the Acquisition
"associate(s)"	has the meaning ascribed thereto under the GEM Listing Rules
"Board"	board of Directors
"Business Day(s)"	a day (excluding Saturdays and Sundays) on which banks in Hong Kong are open for business
"Company"	Great World Company Holdings Ltd (stock code: 8003), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
"Completion"	completion of the sale and purchase of the Sale Interest in accordance with the terms of the Acquisition Agreement
"Completion Accounts"	the consolidated balance sheet of the Target Group as at the date of Completion and the consolidated profit and loss account of the Target Group for the period from 1 January 2011 to the date of Completion

"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Consideration"	an aggregate consideration of HK$150,800,000 (subject to adjustment) payable by the Purchaser to the Vendor for the Sale Interest pursuant to the Acquisition Agreement
"Consideration Shares"	the Shares to be issued and allotted to the Vendor (or its nominee(s)) in partial satisfaction of the Consideration
"Conversion Shares"	the new Shares issuable upon exercise of conversion rights attaching to the Convertible Note
"Convertible Note"	a non-interest bearing convertible redeemable note to be issued by the Company in partial satisfaction of the Consideration in the initial principal amount of HK$33,840,000
"Director(s)"	the directors of the Company, including the independent non-executive directors
"EGM"	an extraordinary general meeting of the Shareholders to be held at 10:00 a.m. on Wednesday, 27 April 2011 at Rooms 1803-04, 18/F., Chinachem Tower, 34-37 Connaught Road Central, Hong Kong to consider and, if thought fit, approve, among other things, the Acquisition Agreement and the transactions contemplated thereunder
"Enlarged Group"	together, the Group and the Target Group
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"HK Holdco"	Great China International Enterprises Group Limited, an investment holding company incorporated in Hong Kong on 11 June 2010 with limited liability and is wholly-owned by the Vendor
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Last Trading Day"	25 February 2011, being the last trading day prior to the suspension of trading in the Shares on 28 February 2011 pending the publication of the Announcement
"Latest Practicable Date"	6 April 2011, being the latest practicable date before the printing of this circular for ascertaining certain information for inclusion in this circular
"PRC GAAP"	the generally accepted accounting principles in the PRC
"Promissory Note"	a non-interest bearing promissory note issued by the Purchaser to the Vendor in the amount of HK$75,960,000 (subject to adjustment)
"Property"	樂山威尼斯大廈 (Leshan Venezia Building*), located at No.130 Renmin South Road, Zhongxincheng District, Leshan City, Sichuan Province, the PRC
"Property Company"	樂山大中華國際實業有限公司 (Leshan Great China International Enterprises Limited*), a company incorporated in the PRC on 29 December 2003 and has a registered capital of RMB25 million and is principally engaged in property investment and development, operating and managing residential and commercial properties
"Property Interest"	the interests in the Property held by the Property Company
"Purchaser"	Golden Strategy Limited, a company incorporated and existing under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of the Company
"Sale Interest"	the 100% equity interest in the Target Company currently legally and beneficially owned by the Vendor
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

"Share(s)"	ordinary share(s) of HK$0.10 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Target Company"	Linkful Wise Group Holdings Limited, an investment holding company incorporated in the British Virgin Islands on 6 May 2010 with limited liability and is wholly-owned by the Vendor
"Target Group"	the Target Company, HK Holdco and the Property Company
"Vendor"	Mr. Huang Shih Tsai, a businessman in the PRC, a third party independent of and not connected to the Company and any of the connected person(s) of the Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"sq.m."	square metres
"%"	per cent

For the purpose of illustration only, amounts denominated in RMB in this circular have been translated into HK$ at the rate of RMB1=HK$1.16. Such translation should not be construed as a representation that the currency could actually be converted into HK$ at that rate or at all.

* *for identification purposes only*

世大控股有限公司

GREAT WORLD COMPANY HOLDINGS LTD

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8003)

Executive Directors:
Ms. Ng Mui King, Joky *(Chairman)*
Mr. Wong Kai Tat
Mr. Tong Wang Shun
Ms. Zeng Jieping

Non-executive Director:
Mr. Pong Shing Ngai

Independent non-executive Directors:
Ms. Hui Sin Man, Alice
Mr. Chung Koon Yan
Mr. Chan Ying Cheong

Registered office:
Ugland House
P.O. Box 309
South Church Street
George Town, Grand Cayman
Cayman Islands
British West Indies

Principal place of business in Hong Kong:
Rooms 1803–04, 18/F
Chinachem Tower
34–37 Connaught Road Central
Hong Kong

8 April 2011

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION

INTRODUCTION

On 2 March 2011, the Board announced that, after trading hours on 25 February 2011, the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor entered into the Acquisition Agreement pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Interest at an aggregate consideration of HK$150,800,000 (subject to adjustment described below).

The Consideration is to be satisfied as to (i) HK$31,000,000 by the issue and allotment of the 155,000,000 Consideration Shares by the Company at the issue price of HK$0.20 per Share to the Vendor (or its nominee(s)) upon Completion; (ii) HK$33,840,000 by the issue of the Convertible Note at an initial conversion price of HK$0.20 per Conversion Share to the Vendor (or its nominee(s)) upon Completion; (iii) HK$10,000,000 in cash (HK$2,000,000 of which has been paid as a refundable deposit within 2 Business Days after the signing of the Acquisition Agreement and the remaining HK$8,000,000 payable upon Completion); and (iv) HK$75,960,000 by the issue of the Promissory Note on the Anniversary Date to the Vendor. The Consideration is subject to adjustments described below.

As one of the applicable percentage ratios (as defined under GEM Listing Rules) in respect of the transactions contemplated under the Acquisition Agreement exceeded 100%, the entering into of the Acquisition Agreement constitutes a very substantial acquisition for the Company under Chapter 19 of GEM Listing Rules. The Acquisition is therefore subject to the reporting, announcement and shareholders' approval requirements under the GEM Listing Rules.

The purpose of this circular is to provide you with, among other things, (i) details of the Acquisition Agreement and the Acquisition; (ii) the financial information and other information on the Group; (iii) the financial information on the Target Group; (iv) the unaudited pro forma financial information on the Enlarged Group; (v) the valuation report on the Enlarged Group; (vi) a notice of the EGM; and (vii) other information as required under GEM Listing Rules.

THE ACQUISITION AGREEMENT (AS SUPPLEMENTED BY THE SUPPLEMENTAL AGREEMENT)

Date

25 February 2011 (as supplemented on 2 March 2011)

Parties

(i) the Vendor, a businessman in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is a third party independent of and not connected to the Company and any of the connected person(s) of the Company; and

(ii) the Purchaser, an investment holding company and is a wholly-owned subsidiary of the Company.

Assets to be acquired

The Sale Interest means the 100% equity interest of the Target Company, all of which are currently legally and beneficially owned by the Vendor.

The Sale Interest will be acquired free of liens, encumbrances and other claims and together with all rights attaching thereto as at the date of the Acquisition Agreement, including the right to receive dividends and distributions declared, made or paid after the date of the Acquisition Agreement.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Group.

Consideration

The total consideration of HK$150,800,000 (subject to adjustment) will be satisfied in the following manner:–

(a) HK$31,000,000 is to be satisfied by the issue and allotment of 155,000,000 Consideration Shares to the Vendor (or its nominee(s)) at an issue price of HK$0.20 per Share upon Completion;

(b) HK$33,840,000 is to be satisfied by the issue of Convertible Note at an initial conversion price of HK$0.20 per Conversion Share to the Vendor (or its nominee(s)) upon Completion;

(c) HK$10,000,000 in cash is to be paid to the Vendor (HK$2,000,000 of which has been paid as a refundable deposit within 2 Business Days after the signing of the Acquisition Agreement and the remaining HK$8,000,000 payable upon Completion); and

(d) HK$75,960,000 is to be satisfied by the Promissory Note issued by the Purchaser on the Anniversary Date to the Vendor (subject to adjustment described below) which matures on the fourth anniversary of the date of issuance.

If the Purchaser exercises its termination rights prior to Completion, the refundable deposit shall be refunded to the Purchaser without interest.

The refundable deposit has been settled by internal resources of the Group. It is intended that the remaining HK$8,000,000 cash consideration will be financed by internal resources, loan or other credit facilities to be extended to the Company, or a combination of any of them as the Board may consider to be appropriate and in the best interest of the Company.

Adjustment of the Consideration

The Consideration shall be adjusted downwards on a dollar-for-dollar basis, among other things,

(a) where the fair market value of the Property is less than RMB132 million;

(b) in respect of any receivables as at Completion that remain outstanding on the Anniversary Date;

(c) by the aggregate of all payables as at Completion, all construction (including interior decorations) costs up to the Anniversary Date and all expected construction (including internal decorations, rectification of defects) costs estimated to be incurred prior to and after the Anniversary Date, save to the extent they have all been settled to the satisfaction of the Purchaser without recourse to the Target Group; and

(d) amount of damages (actual and estimate) as a result of breach of warranties stipulated in the Acquisition Agreement, including any undisclosed actual or contingent liabilities of the Target Group.

Any adjustments shall first be set-off against the principal amount of the Promissory Note to be issued on the Anniversary Date. To the extent that any Consideration which has been paid should, as a result of the above adjustments, not have been paid, the Vendor shall on demand repay in cash any excess Consideration received. The Purchaser may elect to accept in satisfaction of all or part of any such payment obligation by way of set-off of an equal principal amount of the Convertible Note so issued (to the extent then still outstanding). The cash component of the Consideration will only be adjusted in the event the adjustments to be made to the Consideration is in excess of the Promissory Note's value. As the amount of adjustment can only be determined around the Anniversary Date, the earliest time that the Purchaser can demand payment (and the Vendor can make repayment) in cash (if any) is on or about the Anniversary Date. The Company considers the principal amount of the Promissory Note of HK$75,960,000 should be enough to cover any adjustments to the Consideration based on the audited accounts of the Property Company as at 31 August 2010 and the costs to be incurred with respect to the Property (which will be borne as to 100% by the Vendor).

Based on the audited accounts of the Property Company for the eight months period ended 31 August 2010 prepared in accordance with PRC GAAP, the Property Company had other receivables amounted to approximately RMB20.51 million (equivalent to approximately HK$23.79 million) and other payables amounted to approximately RMB46.24 million (equivalent to approximately HK$53.64 million). The Vendor undertook to use its best endeavours to ensure all members of the Target Group promptly collect such receivables prior to Completion. In the event receivables (as shown in the agreed Completion Accounts) and payables (all amounts shown in the agreed Completion Accounts, all amounts incurred after Completion and up to five Business Days before the Anniversary Date for the construction, completion and internal decoration of the Property and all amounts estimated by the Purchaser, acting reasonably, that may be incurred by any member of the Target Group for the foregoing purposes after the aforesaid five Business Days) remain outstanding on the Anniversary Date, the Consideration shall be reduced on a dollar-to-dollar basis accordingly by first adjusting the principal amount of the Promissory Note.

Basis of determination of the Consideration

The Consideration was determined after arm's length negotiation between the Purchaser and the Vendor with reference to, among other things, the financial status of the Target Group and the preliminary valuation of the Property as at 31 December 2010 performed by an independent valuer in relation to the Property which carries an indicative valuation of RMB132 million (equivalent to approximately HK$153.12 million) based on market comparison approach. Capital value of the Property remains the same as at 31 January 2011, further details of which are set out in the valuation report in Appendix V to this circular.

The Directors consider the terms (including the Consideration) of the Acquisition Agreement are fair and reasonable, on normal commercial terms and the Acquisition is in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

Completion is subject to the fulfillment of the following conditions precedent:

(i) the due diligence investigation on the Target Company, the HK Holdco, the Property Company and the Property Interest to be carried out pursuant to the Acquisition Agreement having been completed to the satisfaction of the Purchaser in its sole discretion;

(ii) the issue of a legal opinion as to the Property Company and the Property Interest in form and substance satisfactory to the Purchaser by a PRC lawyer approved by the Purchaser;

(iii) the GEM Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares and the Conversion Shares;

(iv) the Purchaser being satisfied that there has not been any material adverse change (being any change which has a material and adverse effect on the financial position, business or operations) of the Target Company, the HK Holdco or the Property Company prior to the date of Completion;

(v) the passing by the Shareholders of a resolution to approve the Acquisition Agreement (such resolution being voted on only by those Shareholders permitted to vote under the GEM Listing Rules), and the transactions contemplated in the Acquisition Agreement in accordance with the GEM Listing Rules;

(vi) the Stock Exchange not having indicated that it will treat (a) the transactions contemplated under the Acquisition Agreement as a "reverse takeover" under Rule 19.06(6) of the GEM Listing Rules and/or (b) the Company as a new listing applicant under Rule 19.54 of the GEM Listing Rules;

(vii) the Securities and Futures Commission not having indicated that it objects to the issue of the Consideration Shares and the Conversion Shares;

(viii) the obtaining of the pre-sales permit (預售許可證) by the Target Group for the sale of the residential development of the Property; and

(ix) the obtaining of all relevant consents and approvals (whether from governmental authorities or not) required for Completion lawfully to take place.

As at the Latest Practicable Date, none of the conditions above have been fulfilled other than condition (vi).

If the conditions have not been fulfilled (or waived by the Purchaser (except for conditions (iii), (v), (vi), (vii), (viii) and (ix))) on or before 5:00 p.m. on 31 December 2011 (or such other date/time as the Vendor and the Purchaser may agree in writing) and the Purchaser gives notice to terminate the Acquisition Agreement, the Acquisition Agreement shall thereupon terminate. On termination of the Acquisition Agreement, the Vendor shall refund the refundable deposit to the Purchaser no later than 2 Business Days after the date on which the Acquisition Agreement is terminated. Subject to the payment of the refund by the Vendor to the Purchaser, the parties shall have no further claims against each other under the Acquisition Agreement for costs, damages, compensation or otherwise, save in respect of antecedent breaches and claims.

Completion

Completion of the sale and purchase of the Sale Interest shall take place on the third Business Day after the date on which all of the conditions of the Acquisition Agreement shall have been satisfied or waived by the Purchaser, or such other date as the parties to the Acquisition Agreement may agree in writing.

Other Termination Rights

The Purchaser may at any time prior to Completion by notice in writing to the Vendor terminate the Acquisition Agreement if any of the following events shall occur or can reasonably be expected to take place:–

(a) any breach of any representations, warranties and/or undertakings by the Vendor in the Acquisition Agreement in any material respect;

(b) there is any legal restraint or prohibition preventing the consummation of the transaction contemplated under the Acquisition Agreement, or there is any proceeding brought by an administrative agency or commission or other governmental entity seeking any of the foregoing;

(c) a governmental entity has enacted, issued, promulgated, or enforced any statute, rule, regulation, executive order, decree or other order (whether temporary, preliminary or permanent) which is in effect and which has the effect of making the transaction contemplated under the Acquisition Agreement illegal or otherwise prohibits the consummation of any of the foregoing;

(d) any approvals from governmental entities, if any, required to consummate the transaction contemplated under the Acquisition Agreement has not been obtained; and

(e) there is any material adverse change to the financial or trading position or prospects or conditions, assets, liabilities of the Target Group.

If the Acquisition Agreement is terminated in accordance with the above, the Vendor shall refund the refundable deposit (without interest) to the Purchaser no later than 2 Business Days after the date on which the Acquisition Agreement is terminated.

Promissory Note

The terms of the Promissory Note have been negotiated on an arm's length basis and will, if issued, be issued on the Anniversary Date. The principal terms of which are summarised below:

Issuer:	The Purchaser
Principal amount:	HK$75,960,000 (subject to adjustment)
Interest:	Nil
Maturity:	The fourth anniversary from the date of issuance

Convertible Note

The Consideration will be satisfied partially (as to HK$33,840,000) by the issue of the Convertible Note by the Company to the Vendor (or its nominee(s)) upon Completion. The principle terms of the Convertible Note are as follows:

Issuer: The Company

Principal amount: HK$33,840,000

Interest: Nil

Maturity: the fifth anniversary of the date of issue of the Convertible Note

Conversion price: The initial conversion price of HK$0.20 per Conversion Share (subject to adjustments upon the occurrence of subdivision or consolidation of Shares, capitalisation issues, rights issues and other events) represents:

a) A discount of approximately 16.67% to the closing price of HK$0.24 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

b) a discount of approximately 25.93% to the closing price of HK$0.27 per Share as quoted on the Stock Exchange on the Last Trading Day;

c) a discount of approximately 27.27% to the average closing price of approximately HK$0.275 per Share for the last five trading days immediately prior to the date of Acquisition Agreement;

d) a discount of approximately 27.93% to the average closing price of approximately HK$0.2775 per Share for the last ten trading days up to and including the Last Trading Day; and

e) a premium of approximately 203.03% over the audited consolidated net asset value attributable to equity holders of the Company as at 31 March 2010 of HK$0.066 per Share.

The conversion price was arrived at after arm's length negotiations between the Purchaser and the Vendor, after taking into account the average market price of the Shares since October 2010 and the financial position of the Company as at 30 September 2010.

Conversion Rights: The holder of the Convertible Note shall, subject to compliance with the procedures set out in the conditions to the Convertible Note, have the right at any time during the conversion period to convert the whole or part of the outstanding principal amount of the Convertible Note registered in its name into Shares, provided further that any conversion shall be made in amounts of not less than a whole multiple of HK$1,000,000 on each conversion save that if at any time the aggregate outstanding principal amount of the Convertible Note is less than HK$1,000,000, the whole (but not part only) of the outstanding principal amount of the Convertible Note may be converted. The Convertible Note will not be capable of exercise by holder of the Convertible Note if and to the extent (i) the holder of the Convertible Note and parties acting in concert with it (within the meaning under the Takeovers Code) would immediately following conversion beneficially hold 19.9% (or such percentage as may from time to time be specified in the Takeovers Code as being the level of voting rights the ownership or control of which would result in one company being deemed to be an associated company of another) or more of the voting rights of the Company at the relevant date of conversion of the Convertible Note; or (ii) such conversion would result in the Company's non-compliance with the minimum public shareholding requirement stipulated under Rule 11.23 of the GEM Listing Rules or other requirements under the GEM Listing Rules; or (iii) the conversion price effective at the time of conversion is less than par value of the Shares.

	The conversion rights attaching to the Convertible Note may, subject to the terms and conditions therein, be exercised on any Business Day following the first anniversary of the date of issue of the Convertible Note until 7 Business Days before (and excluding) the maturity date (unless the Convertible Note shall have been called for redemption before the maturity date).
Conversion Shares:	The 169,200,000 Conversion Shares represent (i) approximately 17.40% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 13.05% of the issued share capital of the Company as enlarged by the Consideration Shares and the Conversion Shares upon conversion of the Convertible Note in full. The issue of the Conversion Shares pursuant to the terms of the Convertible Note will not in itself alone result in a change of control of the Company. The Conversion Shares will be issued under a specific mandate which will be sought at the EGM. An application has been made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued upon conversion of the Convertible Note.
Status of the Conversion Shares:	The Conversion Shares shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of such Conversion Shares.
Transferability:	The Convertible Note (and any part thereof) may not be transferred without the prior written consent of the Company, nor to any connected person of the Company. The Company shall notify the Stock Exchange as soon as practicable when it becomes aware of any dealings in the Convertible Note by any connected persons of the Company.
Voting rights:	The Convertible Note does not confer any voting rights at any meetings of the Company.
Redemption:	The Company shall have the right to redeem by cash payment the whole or part of the Convertible Note outstanding at an amount equal to 100% of the principal amount of the Convertible Note to be redeemed at any time and from time to time prior to the maturity date of the Convertible Note.

Consideration Shares

HK$31,000,000 of the Consideration is to be satisfied by the issue and allotment of the 155,000,000 Consideration Shares by the Company at the issue price of HK$0.20 per Share to the Vendor (or its nominee(s)) upon Completion. The issue price of HK$0.20 per Consideration Share is the same as the conversion price and was arrived at after arm's length negotiations between the Purchaser and the Vendor, after taking into account the average market price of the Shares since October 2010 and the financial position of the Company as at 30 September 2010. A comparison of the issue price to the market price of the Shares is set out in the description of the conversion price above.

The Consideration Shares represent (i) approximately 15.94% of the existing issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 13.75% of the issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares; and (iii) approximately 11.95% of the issued share capital of the Company as enlarged by the Consideration Shares and the Conversion Shares upon conversion of the Convertible Note in full. The issue of the Consideration Shares will not in itself alone result in any change of control of the Company.

The Consideration Shares, when issued upon Completion, will rank pari passu in all respects with the existing Shares in issue. There will be no restriction on the subsequent sale of the Consideration Shares. An application has been made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares to be issued upon Completion.

The Directors will issue and allot the Consideration Shares to the Vendor (or its nominee(s)) under a specific mandate proposed to be sought from the Shareholders at the EGM.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Details of the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) upon full issue and allot of the Consideration Shares; and (iii) upon the full conversion of the Convertible Note together with full issue and allot of the Consideration Shares to the Vendor (assuming there is no other change in the share capital of and shareholding in the Company, from the Latest Practicable Date to Completion) are set out below:

Shareholders	As at the Latest Practicable Date		Upon Completion, assuming there is full issue of the Consideration Shares at HK$0.20 each		Upon Completion, assuming there is full conversion of the Convertible Note at the conversion price of HK$0.20 per Conversion Share and full issue of the Consideration Shares at HK$0.20 each *(Note 5)*	
	Shares	*%*	*Shares*	*%*	*Shares*	*%*
Gold City Assets Holdings Ltd. *(Note 1)*	337,920,000	34.74	337,920,000	29.97	337,920,000	26.06
Mr. Wong Kai Tat *(Note 2)*	7,000,000	0.72	7,000,000	0.62	7,000,000	0.54
Mr. Tong Wang Chow *(Note 3)*	77,904,000	8.01	77,904,000	6.91	77,904,000	6.00
Vendor	–	–	155,000,000	13.75	324,200,000	25.00 *(Note 4)*
Public	549,804,000	56.53	549,804,000	48.75	549,804,000	42.40
Total	972,628,000	100.00	1,127,628,000	100.00	1,296,828,000	100.00

Note 1: These Shares are held by Gold City Assets Holdings Ltd. which is owned as to 51% by Ms. Ng Mui King, Joky and as to 49% by Fine Day Asset Holdings Inc.. Ms. Yang Cheng is 100% beneficial owner of Fine Day Asset Holdings Inc..

Note 2: Mr. Wong Kai Tat is an executive Director.

Note 3: Mr. Tong Wang Chow is the elder brother of Mr. Tong Wang Shun, an executive Director.

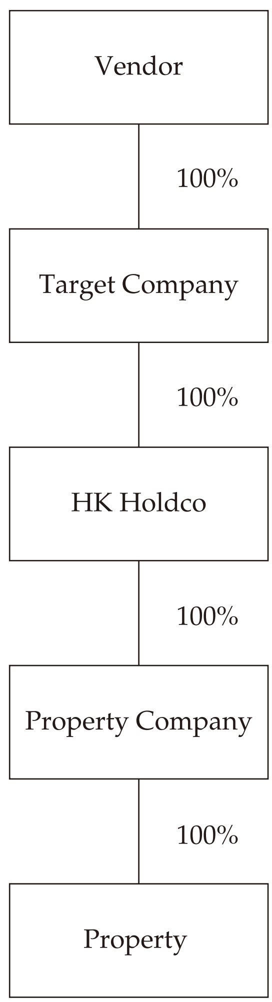
Note 4: The column in respect of the full exercise of the rights of the Convertible Note is for illustrative purposes only. Pursuant to the terms of the Convertible Note, the Convertible Note shall not be exercised by the holders(s) of the Convertible Note if, immediately following the exercise, the holder(s) of the Convertible Note and parties acting in concert with it (within the meaning under the Takeovers Code) would beneficially hold 19.9% (or such percentage as may from time to time be specified in the Takeovers Code as being the level of voting rights the ownership or control of which would result in one company being deemed to be an associated company of another) or more of the voting rights of the Company at the relevant date of conversion of the Convertible Note.

Note 5: The conversion rights attaching to the Convertible Note can only be exercised commencing on any Business Day following the first anniversary of the date of issue of the Convertible Note until 7 Business Days before (and excluding) the maturity date (unless the Convertible Note shall have been called for redemption before the maturity date).

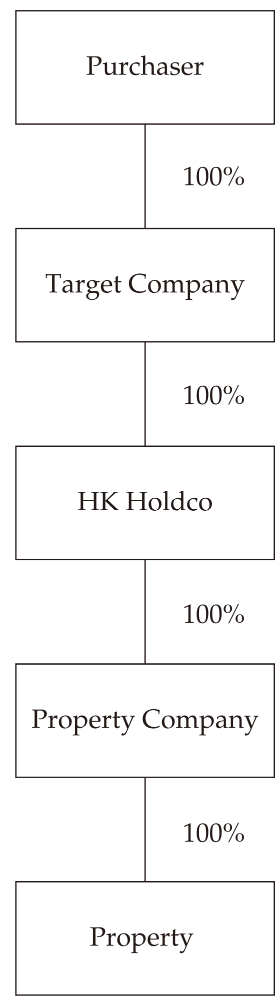
SHAREHOLDING STRUCTURE OF THE TARGET GROUP IMMEDIATELY BEFORE AND IMMEDIATELY UPON COMPLETION

The following diagrams set out the shareholding structure of the Target Group immediately before and immediately upon Completion:

Immediately before Completion



Immediately upon Completion



INFORMATION ON THE TARGET GROUP

The Target Company

The Target Company is an investment holding company incorporated in the British Virgin Islands on 6 May 2010 with limited liability and is wholly-owned by the Vendor. Apart from its 100% shareholding interest in the HK Holdco (which in turn owns 100% equity interest in the Property Company), the Target Company does not have any business operation.

The unaudited net loss of the Target Company for the period from 6 May 2010 (date of incorporation) to 26 February 2011 (both before and after taxation and extraordinary items) was HK$21,490.

HK Holdco

The HK Holdco is an investment holding company incorporated in Hong Kong on 11 June 2010 with limited liability and is wholly-owned by the Target Company. Apart from its 100% equity interest in the Property Company, the HK Holdco does not have any business operation.

The unaudited net loss of the HK Holdco for the period from 11 June 2010 (date of incorporation) to 26 February 2011 (both before and after taxation and extraordinary items) was HK$37,150.

The Property Company

The Property Company is a company incorporated in the PRC on 29 December 2003. The Property Company has a registered capital of RMB25 million and is principally engaged in property investment and development, operating and managing residential and commercial properties.

The Property

The Property is located at No.130 Renmin South Road, Zhongxincheng District, Leshan City, Sichuan Province, the PRC with a site area of approximately 3,111.96 sq.m.. Pursuant to the State-owned Land Use Certificate (國有土地使用証), Le Cheng Guo Yong (2004) Di No. 27573 (樂城國用(2004)第 27573號), issued by Leshan City Municipal People's Government (樂山市人民政府) dated 10 January 2004, the land use rights of the Property have been granted to the Property Company for residential and commercial purposes for a term to be expired on 3 January 2054. The Property comprises a residential and commercial development site with a site area of approximately 3,111.96 sq.m.. The Property has a gross floor area of approximately 27,544.14 sq.m. (inclusive of a basement floor) and comprises 4 portions, namely residential (19,795.92 sq.m.), commercial (5,939.94 sq.m.), basement car park (1,703.98 sq.m.) and facilities (104.30 sq.m.). It is the current intention of the Company to lease out the commercial portion of the Property. The construction work of the Property has been completed and the ceiling has been sealed. The work in relation to partitioning, electrical engineering and interior decoration is currently expected to be completed by the end of 2011. Based on information available to the Purchaser as at the Latest Practicable Date, the costs to be incurred with respect to the above work are currently estimated to be no more than approximately RMB8 million and will be completely borne by the Vendor. The Company will not proceed to Completion until the relevant pre-sales permit (預售許可證) for the Property has been secured.

The Vendor undertook to the Purchaser that prior to Completion it will at its expense procure that each of the Target Company, the HK Holdco or the Property Company obtains all necessary licences and approvals, whether issued by governmental authorities or not, necessary for the ownership and utilisation of the property interests held by the Property Company and any other related approvals and permits.

Pursuant to the latest development proposal of the Property, the proposed gross floor area of the Property is approximately 27,544.14 sq.m. with a plot ratio of about 8.29, which had exceeded the permitted plot ratio of 7.25. Approval in respect of the additional gross floor area of 2,409.47 sq.m. (representing an increment to increase the plot ratio from 7.25 to 8.02) has been obtained from relevant government authorities on the condition that an additional land premium of RMB1,065,900 has to be paid. The Vendor represented and warranted that such land premium in respect of the additional gross floor area of 2,409.47 sq.m. has been paid and the Vendor undertook to indemnify the Purchaser for all amount of relevant land premium (inclusive of penalties if any) which is otherwise payable as at Completion. The Company has been informed that the Target Group is in the process of arranging for payment of the additional land premium in order to cater for the additional increment of approximately 387.52 sq.m. to bring up the plot ratio from 8.02 to 8.29 for regulatory approval. The Company had been advised by its PRC legal adviser that there is no legal impediment to obtain regulatory approval for bringing up the plot ratio to 8.29 provided that the additional land premium to be determined by relevant PRC authorities is paid. In the event such additional land premium (together with penalties, if any) is not paid on or before Completion, the Vendor undertook to indemnify the Purchaser all such amount payable as at Completion by way of adjustment to the Consideration or otherwise at the sole discretion of the Purchaser.

The Vendor also undertook to bear all costs and expenses incurred on or prior to the Anniversary Date (or estimated to be incurred thereafter) for the construction, completion and internal decoration of the Property and shall pay the same on demand during the period until and including the Anniversary Date.

Apart from the Property, the Target Company, the HK Holdco and the Property Company do not have any other business and/or operation. It is the intention of the Company that the Property Company will be principally engaged in the management of the Property.

Revenue from the Property is expected to be derived from (i) leasing of the commercial portion of the Property with a gross floor area of approximately 5,939.94 sq.m.; (ii) leasing of certain residential portion of the Property and/or basement car park area; and (iii) selling of certain portion of the residential portion of the Property. This is the intention of the Company as at the Latest Practicable Date but actual implementation will depend on, amongst other things, the latest market conditions in the PRC.

As at the Latest Practicable Date, the Property Company has 6 staff. Details of their responsibilities are set out below:

Responsibility	Staff number
Monitoring the overall development of project(s) in hand and liaising with external parties on behalf of the Property Company	1
On site monitoring of the construction progress, monitoring project(s) quality, cost and safety procedures	1
Accounting and finance	1
Data management and budgeting	1
Human resources and administrative office	1
Formulating and implementing sales target and plans	1

It is the Company's intention to retain all the staff in the Property Company upon Completion. As the Company has no prior experience in the PRC property market, it is expected that the Company will engage external property agents to carry out the promotion, sales and lease of the Property on the Company's behalf. The Company will, from time to time, review and monitor the status of the Property and the Property Company and will hold meetings with the staff in the Property Company on a regular basis.

It is one of the conditions precedent to Completion that the due diligence investigation on the Target Company, the HK Holdco, the Property Company and the Property Interest to be carried out pursuant to the Acquisition Agreement having been completed to the satisfaction of the Purchaser in its sole discretion.

An earthquake took place on 12 May 2008 in Sichuan Province, the PRC ("2008 Sichuan earthquake"). The relevant government authorities in Sichuan Province, the PRC had ordered all construction work in respect of all property developments within the areas concerned be suspended forthwith until relevant inspection had been conducted by the relevant authorities. After checking the structural safety of the Property subsequent to the 2008 Sichuan earthquake, the Property Company had on 26 May 2008 made a requisition regarding the recommencement of construction work on the Property to Leshan Construction Quality Supervise Information (樂山市建設工程質量安全監督站) (the "Bureau"). A formal approval was granted to the Property Company on 3 June 2008 after the Property was inspected by the Bureau. The formal approval letter states that the Property has been inspected by the Bureau after the 2008 Sichuan earthquake and it confirmed that the Property is qualified to recommence construction works. The PRC legal adviser also confirmed to the Company that there is no other approval required for recommencement of construction works of the Property and as advised by the Vendor, the Target Company has not obtained further approval after June 2008.

As at the Latest Practicable Date, the Company has reviewed documents including documents, licenses and/or permits issued to the Target Group. Regarding the Property, representative of the Company has conducted an on-site visual check as to the outlook and condition of the Property. The Company will engage qualified personnel or independent professional party to perform a thorough structural check on the Property in order to ascertain, amongst other things, whether the Property is structurally safe and not materially damaged by the 2008 Sichuan earthquake. The Company will review the findings from the independent professional party once available. As at the Latest

Practicable Date, based on due diligence work carried out by the Company so far (including but not limited to reviewing the approval letter dated 3 June 2008 issued by the Bureau in respect of its inspection carried out on the Property for the purpose of assessing whether the Property is fit for recommencement of construction works), the Directors confirmed that nothing came to the attention of the Directors which caused the Directors to reasonably believe that the Property has been materially damaged by the 2008 Sichuan earthquake, or there exists any material concern over the structural safety of the Property. Nevertheless as part of the due diligence process prior to the Completion, the Company will proceed with engaging an independent professional party to thoroughly check the Property as mentioned above before it decides whether the condition to Completion regarding satisfactory due diligence is fulfilled.

Financial information on the Target Group

Set out below is a summary of the audited combined financial statements of the Target Group for the three years ended 31 December 2010 prepared in accordance with the Hong Kong Financial Reporting Standards, as extracted from Appendix III to this circular:

	Year ended 31 December		
	2008	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*
Turnover	–	–	–
Loss before income tax	665	736	914
Loss for the year attributable to the owners	498	576	717

	As at 31 December		
	2008	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*
Net assets/(liabilities)	17,841	17,265	(7,813)

Set out below is a summary of the audited financial information of the Property Company (on a standalone company level) for the eight months ended 31 August 2010 and two financial years ended 31 December 2009 prepared in accordance with the PRC GAAP:

	Year ended 31 December 2008	**Year ended 31 December 2009**	**Eight months ended 31 August 2010**
	RMB	*RMB*	*RMB*
Turnover	–	–	–
Net loss before taxation and extraordinary items	687,759.94	1,168,823.75	540,797.36
Net loss after taxation and extraordinary items	687,759.94	1,168,823.75	540,797.36

Rules and regulations

Sale of commodity buildings

Under the "Measures for Administration of Sale of Commodity Houses" (商品房銷售管理辦法) promulgated by the Ministry of Construction on 4 April 2001 and implemented on 1 June 2001, sale of commodity buildings can include both pre-completion sales (pre-sale) and post-completion sales.

According to the "Measures for Administration of Pre-sale of Commodity Buildings" (城市商品房預售管理辦法) (the "Pre-sale Measures") promulgated by the Ministry of Construction on 15 November 1994 and as amended on 15 August 2001 and 20 July 2004 respectively, the pre-sale of commodity buildings shall be subject to a licensing system, and a property developer intending to sell a commodity building before its completion shall make the necessary pre-sale registration with the property development authority of the relevant city or province to obtain a pre-sales permit (預售許可證). A commodity building may be sold before completion only if: a) the assignment price has been paid in full for the grant of the land use rights involved and a land use rights certificate has been obtained; b) a construction works planning permit and construction works commencement permit have been obtained; c) the funds invested in development construction represent 25 percent or more of the total investment in the project and the progress of works and the completion and delivery dates have been ascertained; and d) the pre-sale has been registered and a pre-sales permit (預售許可證) has been obtained.

Conditions of the sale of post-completion commodity buildings

Under the "Measures for Administration of Sale of Commodity Houses", commodity buildings may be put to post-completion sale only when the following preconditions have been satisfied: (a) the property development enterprise shall have a business license and a qualification certificate of a property developer; (b) the enterprise shall obtain a land use rights certificate or other approval documents for land use; (c) the enterprise shall have the construction works planning permit and construction works commencement permit; (d) the building shall have been completed, inspected and accepted as qualified; (e) the relocation of the original residents shall have been well completed; (f) the supplementary essential facilities for supplying water, electricity, heating, gas, communication, etc. shall have been made ready for use, and other supplementary essential facilities and public facilities shall have been made ready for use, or the schedule of construction and delivery date shall have been specified; and (g) the property management plan shall have been completed.

Before the post-completion sale of a commodity building, a property developer shall submit the Property Development Project Manual (房地產開發項目手冊) and other documents evidencing the satisfaction of preconditions for post-completion sale to the property development authority.

Leases of buildings

Under the "Administration of the Leasing of Urban Premises Procedures" (城市房屋租賃管理辦法) promulgated by the Ministry of Construction on 9 May 1995 and which became effective on 1 June 1995, the parties to a lease of a building shall enter into a lease contract in writing. A system has been adopted to register the leases of buildings. When a lease contract is signed, amended or terminated, the parties shall register the details with the property administration authority under the local government of the city or province in which the building is situated.

Establishment of a Property Development Enterprise

According to the "Law of the People's Republic of China on Administration of the Urban Real Estate" (中華人民共和國城市房地產管理法) promulgated by the Standing Committee of the National People's Congress on 5 July 1994 which become effective on 1 January 1995 and as amended in August 2007, a property developer is defined as an enterprise which engages in the development and sale of property for the purpose of making profits.

Under the "Regulations on Administration of Development of Urban Property" (城市房地產開發經營管理條例) promulgated and implemented by the State Council on 20 July 1998, an enterprise which is to engage in development of property shall satisfy the following requirements: (1) its registered capital shall be RMB1 million or more; and (2) have four or more full-time professional property/construction technicians and two or more full-time accounting officers, each of whom shall hold the relevant qualification certificate. The Vendor has informed the Company that the Target Group has yet to engage up to the aforesaid prescribed number of the personnel. However, he undertook that the Target Group shall satisfy the requirements as prescribed under the aforesaid regulations before an application is made for the issue of the pre-sales permit (預售許可證). The Regulations on Administration of Development of Urban Property also stipulate that the local government of a province, autonomous region or municipality directly under the central government may, based on local circumstances, impose more stringent requirements on the registered capital and the professional personnel of a property developer.

Foreign-invested Property Enterprises

Pursuant to the "Foreign Investment Industrial Guidance Catalogue (2004 Revision)" (the "2004 Industrial Guidance Catalogue") (外商投資產業指導目錄 (2004年修訂)) jointly enacted by the Ministry of Commerce and the National Development and Reform Commission ("NDRC") on 30 November 2004 and which became effective on 1 January 2005, the development and construction of ordinary residential units falls within the category of "encouraged industry"; the development of large scale of land lots which shall be operated only by sino-foreign equity joint venture or sino-foreign co-operative joint venture, and the construction and operation of high-end hotels, villas, premium office buildings, international conference centers and large theme parks fall within the category of "restricted industry"; other types of property development fall within the category of "permitted industry". Foreign-invested property development enterprises can be established in the form of sino-foreign equity joint venture, sino-foreign co-operative joint venture or wholly owned foreign enterprise according to the 2004 Industrial Guidance Catalogue and other laws and administrative regulations relating to foreign investment enterprises. Prior to the application for registration to the department of administration of industry and commerce, the enterprise must be approved by the authorities of commerce and obtain an approval certificate for Foreign Investment Enterprise.

According to the "Foreign Investment Industrial Guidance Catalogue (2007 Revision)" (外商投資產業指導目錄(2007年修訂)) promulgated by the Ministry of Commerce and the NDRC on 31 October 2007, effective on 1 December 2007, the development of a whole land lot as well as the construction and operation of high-class guest houses, villas, premium office buildings, international conference and exhibition centers and large theme parks, transactions in real estate secondary market and real estate intermediary or broker companies falls within the category of industries in which foreign investment is subject to restrictions, and other property development falls within the category of industry in which foreign investment is permitted.

In addition, the PRC Government has announced and implemented a series of policies and measures in the residential property sectors, including:

1. the "Notice on Further Adjustment and Control of Real Estate Market" (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知) issued on 26 January 2011, regarding (amongst other things):

   – strengthening supervision and LAT collection for property developments

   – second residential property purchases to pay no less than 60% purchase price as down payment

   – business tax chargeable for properties sold within five years of purchase

   – real property development enterprises to suspend sale of any of their properties to families having local household registration and owning two residential properties

2. the "Notice on Promoting Differentiated Housing Credit Policy" (關於完善差別化住房信貸政策有關問題的通知) issued on 29 September 2010, regarding (amongst other things):

   – restrictions on granting housing loans to families that has three or more houses or non-local residents without relevant tax payment certificates/social insurance payment certificates

   – increase in down payment size to 30% of purchase price

3. the "Notice on Strict Control of the Escalation of Property Prices in Certain Cities" (關於堅決遏制部分城市房價過快上漲的通知) issued on 17 April 2010 regarding stricter housing credit policies.

4. the "Notice on Further Strengthening the Supervision of the Real Estate Market and Improving the Pre-sale System of Commercial Housing" (關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知) issued on 13 April 2010 regarding (amongst other things) the requirement to, within 10 days after the real estate developers obtain the pre-sales permit (預售許可證) for the project for sale, release the information regarding the number of properties allowed for presale under such pre-sales permission and the price of such property to the public at one time. Properties must also be sold to the public at the price as published and strictly abide by the pre-sales permit (預售許可證).

The Company has been advised by its PRC legal adviser that, save and except for the pre-sales permit (預售許可證) and the regulations stipulated under the "Regulations on Administration of Development of Urban Property" as described on page 22 of this circular, all other relevant permits required for the purpose of developing and/or pre-selling the Property have been obtained by the Property Company and the development of the Property by the Property Company has complied with applicable PRC rules and regulations. The pre-sales permit (預售許可證) has not been applied for as at the Latest Practicable Date. As advised by the PRC legal adviser, the pre-sale of the relevant units in the Property must commence shortly after obtaining the permit and as such, the Company intends to apply for such permit after the construction works of the Property has been completed.

OVERVIEW OF SICHUAN PROVINCE

According to the Statistics Bureau of Sichuan Province, Sichuan Province had a GDP of RMB 1,689.86 billion in 2010, representing an increase of approximately 15.1% as compared with 2009. The disposable income per capita in urban area has reached the amount of approximately RMB15,461 in 2010, representing an increase of approximately 11.7% as compared to 2009. There were approximately 3,905 business enterprises engaging in the constructions industry at the end of 2010. Total tax revenue contributed from these enterprises amounted to RMB10.68 billion in 2010, representing a growth of approximately 12.4% as compared to 2009. Gross floor area of commodity properties under construction were approximately 29,085.9 sq.m. in 2010, representing an increase of approximately 10.9%. Gross floor area of commodity properties completed were approximately 11,492.4 sq.m. in 2010, representing an increase of approximately 0.9%. Gross floor area of residential properties completed were approximately 8,176.2 sq.m. in 2010, representing an increase of approximately 1.4%.

PROPERTY DEVELOPMENT INDUSTRY IN THE PRC

During the period from 2000 to 2009, the total number of property development enterprises in the PRC increased from 27,303 in 2000 to 80,407 in 2009. The aggregate amount of completed investment in the property development industry grew from approximately RMB498.4 billion in 2000 to RMB3,624.18 billion in 2009.

The following table illustrates the total amount of completed investment by property development enterprises in the PRC from 2000 to 2009:

Year	**Completed investment** *(RMB billion)*
2000	498.4
2001	634.4
2002	779.1
2003	1,015.4
2004	1,315.8
2005	1,590.9
2006	1,942.3
2007	2,528.9
2008	3,120.3
2009	3,624.18

Source: China Statistical Yearbook 2010

From 2000 to 2009, gross floor area of commodity properties under construction was increased from approximately 265,293.5 sq.m. to 754,189.4 sq.m..

From 2000 to 2009, gross floor area of commodity properties completed was increased from 181,974.4 sq.m. to 302,116.5 sq.m. while the value of completed properties was increased from RMB996.96 billion to RMB3,535.39 billion.

The following table illustrates the gross floor area of commodity properties under construction; the gross floor area of completed commodity properties; and the value of completed commodity properties in the PRC from 2000 to 2009:

Year	Gross floor area of commodity properties under construction *(sq.m.)*	Gross floor area of commodity properties completed *(sq.m.)*	Value of completed properties *(RMB billion)*
2000	265,293.5	181,974.4	996.96
2001	276,025.4	182,437.1	1,049.51
2002	304,428.2	196,737.9	1,168.63
2003	343,741.7	202,643.7	1,342.10
2004	376,495.1	207,019.1	1,523.96
2005	431,123.0	227,588.7	1,878.95
2006	462,677.0	212,542.2	1,989.16
2007	548,542.0	238,425.3	2,358.27
2008	632,261.0	260,307.0	2,807.40
2009	754,189.4	302,116.5	3,535.39

Source: China Statistical Yearbook 2010

REASONS AND BENEFITS FOR THE ACQUISITION

The Group is principally engaged in the assembly, distribution, integration of telecommunications products and operation of an iron mine in the PRC. The Group has been seeking different investment opportunities which are expected to have future growth and will enhance Shareholders' value.

Upon Completion, the Group will continue to carry out its existing operations. After reviewing the Group's internal resources and external opportunities, as well as the existing PRC governmental regulations and policies, it is the current intention of the Company to lease out the commercial portion of the Property so as to generate a continuous stream of income for the Group. However, the Company has no concrete plan on whether to lease out or to sell the residential portion of the Property and will determine accordingly after further considering the latest market conditions of the property market in PRC. The Directors will also, from time to time, review and monitor the financial status of the Company together with the progress and status of the Property (including revenue to be generated from leasing of the commercial portion) in order to formulate appropriate strategy on the Property to maximising returns to the Shareholders. The Board considers that the Acquisition will bring in stable revenue stream to the Group and the Directors believe that the Property Interest would likely to have significant appreciation potential.

Taking into account the benefits of the Acquisition, the Directors are of the view that the terms of the Acquisition Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

POTENTIAL RISK FACTORS

New business segment of the Group

The Acquisition constitutes an investment in a new business sector for the Group. The new business may pose significant challenges to the Company's administrative, financial and operational resources. Since the Company does not have experience in the new business and if the proposed business plan in which the Company attempts to develop does not progress as planned, the Company may not recover the funds and resources it has spent, and this may affect the Group's financials.

If the Enlarged Group cannot hire and retain qualified personnel, it may result in its inability to manage and implement the business plan

The ability to hire and retain qualified personnel will be an important factor in the success of Target Group's business. If the Enlarged Group is unable to retain or to hire qualified personnel as required, it may not be able to adequately manage and implement Target Group's business plan.

The performance of the Property Company is dependent on the PRC residential property market

The PRC government adjusts its fiscal, monetary and economic policies from time to time. Such adjustments and particularly the recent tightening of monetary policies and other measures aimed at restricting the growth of the PRC property prices could affect the residential property market in Sichuan Province which the Property is situated.

Dependent on sales agents to conduct promotion, sales and lease of the Property

The Company intends to engage external sales agents to conduct promotion, sales and lease of the Property upon Completion. If the Enlarged Group could not engage competent sales agents or the sales agents engaged could not meet the relevant sales targets as a result of fall in demand of PRC property or otherwise, the revenue may be affected.

The recurrence of earthquakes in Sichuan Province may adversely affect the performance of the Property Company

Certain areas in the PRC, including the areas in which the Enlarged Group will operate, may be prone to natural disasters such as earthquakes, floods, severe weather conditions or other catastrophic events. For example, in May 2008, Sichuan Province experienced a strong earthquake causing widespread damage and casualties. These natural disasters may cause significant damage and affect the structural safety of the Property. It may also cause a material economic downturn in the affected area or nationally and the business prospects, financial condition and results of operations of the Enlarged Group will be adversely affected.

FINANCIAL EFFECTS OF THE ACQUISITION ON THE ENLARGED GROUP

Upon Completion, the Target Group will become an indirect 100% wholly-owned subsidiary of the Company with its financial result to be consolidated into the Group's account.

Effect on asset position

The unaudited consolidated total assets of the Group were approximately HK$97.77 million while the total liabilities of the Group were approximately HK$24.45 million as at 30 September 2010. If the Acquisition had been completed on 30 September 2010 and with reference to the unaudited pro forma financial information on the Enlarged Group as contained in Appendix IV to this circular, the Enlarged Group's total assets and total liabilities would be increased to approximately HK$266.91 million and approximately HK$159.67 million respectively.

Effect on earnings

The Directors expect that the Acquisition would likely to have a positive impact on the future earnings of the Enlarged Group after obtaining the pre-sales permit (預售許可證) for the Property.

Effect on gearing and working capital

The Group's gearing level (being calculated as total long-term liabilities divided by the Group's net asset value) was zero as at 30 September 2010. According to the unaudited pro forma financial information on the Enlarged Group as contained in Appendix IV to this circular, the total long-term liabilities of the Enlarged Group would be increased to approximately HK$50.63 million while the Enlarged Group's net asset value would be increased to approximately HK$107.24 million. The Enlarged Group's gearing level would be increased to 0.47 times.

As payment of the cash consideration (i.e. HK$10 million in total) is expected to be satisfied by the Company by using internal resources and/or various financing methods, the Directors expect that the Acquisition would not lead to a material change in the working capital of the Enlarged Group.

GEM LISTING RULES IMPLICATION

As one of the applicable percentage ratios (as defined under GEM Listing Rules) in respect of the transactions contemplated under the Acquisition Agreement exceeded 100%, the entering into of the Acquisition Agreement constitutes a very substantial acquisition for the Company under Chapter 19 of GEM Listing Rules. The Acquisition is therefore subject to the reporting, announcement and shareholders' approval requirements under the GEM Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, the Vendor and his associates do not hold any Shares and no Shareholder has any material interest in the transaction and arrangements contemplated under the Acquisition Agreement. Accordingly, no Shareholder is required to abstain from voting at the EGM.

EGM

A notice of the EGM to be held at 10:00 a.m. on Wednesday, 27 April 2011 at Rooms 1803-04, 18/F., Chinachem Tower, 34-37 Connaught Road Central, Hong Kong is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar and transfer office of the Company, Hong Kong Registrars Limited, at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof (as the case maybe). 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.

RECOMMENDATION

The Directors consider that the terms (including the Consideration) of the Acquisition Agreement are on normal commercial terms, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder.

GENERAL

Your attention is drawn to the additional information set out in the appendices to this circular and the notice of EGM.

By order of the Board
Great World Company Holdings Ltd
NG Mui King, Joky
Chairman

1. FINANCIAL SUMMARY

The financial information of the Group for (i) the year ended 31 March 2010 is disclosed in the annual report of the Company for the year ended 31 March 2010 from pages 22 to 80; (ii) the year ended 31 March 2009 is disclosed in the annual report of the Company for the year ended 31 March 2009 from pages 24 to 76; (iii) the year ended 31 March 2008 is disclosed in the annual report of the Company for the year ended 31 March 2008 from pages 25 to 70; (iv) the six months ended 30 September 2010 is disclosed in the interim report of the Company for the six months ended 30 September 2010 from pages 2 to 16 and (v) the six months ended 30 September 2009 is disclosed in the interim report of the Company for the six months ended 30 September 2009 from pages 2 to 15, all of which have been published on the GEM website of the Stock Exchange (www.hkgem.com) and the website of the Company (www.gwchl.com).

2. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

According to the interim report of the Company for the six months ended 30 September 2010, the Group continued to engage in telecommunications monitoring and mineral resources businesses in the PRC. As for the assembly, distribution and integration of telecommunications products business segment, the Group had continued to encounter pressure from customers demanding for concession of contract terms including lower pricing and longer payment period, causing the Group to take a longer time to close and sign contracts. The Board considered that the business environment of the telecom monitoring equipment industry of China has become unfavorable and competitive. Although the business environment of the telecom monitoring equipment industry of the PRC has become unfavorable and competitive, the Group will try its best effort to maintain its existing businesses. This will not, however, preclude the Group from reviewing or reconsidering its business strategy should appropriate new business opportunities come before the Group. It has been the Group's objective to seek different investment opportunities which are expected to have future growth and will enhance Shareholders' value.

In view of the above, the Group has been seeking different investment opportunities which are expected to have future growth and will enhance Shareholders' value as a result. In January 2009, the Group completed its acquisition of 51% of the entire issued share capital of 鳳山縣黔興礦業有限責任公司 (Feng Shan Xian Qian Xing Mining Industry Company Limited*) ("Feng Shan") of which the principal asset is an iron mine located at the Guangxi Province, the PRC. In January 2011, the Group further completed its acquisition of the remaining 49% of the entire issued share capital of Feng Shan. The Directors consider the participation in the mining industry would broaden the Group's income base and improve its financial performance. As at the Latest Practicable Date, the processing factory of Feng Shan is still under planning and construction. The Company will endeavour to extract iron ores when market condition becomes favorable.

As referred to the annual report of the Company for the year ended 31 March 2010, the ultimate goal of the Company is to restore the Group's profitability by seeking additional investment opportunities in more promising businesses. On 25 February 2011, a wholly-owned subsidiary of the Company entered into the Acquisition Agreement to acquire the entire issued share capital of the Target Company which assets mainly consist of the Property Interest in the PRC. The Property, located in Zhongxincheng District, Leshan City, Sichuan Province, the PRC, comprises a residential and commercial development site with a site area of approximately 3,111.96 sq.m.. The Property has a gross floor area of approximately 27,544.14 sq.m. (inclusive of a basement floor) and comprises 4 portions, namely residential (19,795.92 sq.m.), commercial (5,939.94 sq.m.), basement car park (1,703.98 sq.m.) and facilities (104.30 sq.m.). With the continual economic growth in the PRC and the current intention of the Group to lease out the commercial portion of the Property, the Directors consider that the Acquisition will further enable the Group to diversify its current business to participate in the property industry, which will bring in steady revenue stream to the Group, broaden the Group's income base and improve its financial performance. Going forward, the Enlarged Group will also continue to look for other investment opportunities in any other stream in the long run so as to broaden the source of income of the Enlarged Group and diversify the Enlarged Group's portfolio.

* *for identification purposes only*

1. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Set out below are the management discussion and analysis of the Company extracted from the respective interim report for the six months ended 30 September 2010 and the annual report for each of the three years ended 31 March 2010. Terms used below shall have the same meanings as those defined in the Management Discussion and Analysis in the aforesaid reports.

For the year ended 31 March 2008

Business review

The Group continued to operate under increasing competition from domestic telecom manufacturing suppliers in the mainland. While the Group had addressed the competition by way of offering customized versions of our base station monitoring systems to suit specific customer needs, the intensified competition and delay in business activity due to continued restructuring of the telecommunication bureau and policies had adversely affected the Group's business momentum in the market place.

The Group has disposed of the subsidiaries engaging in the assembly, distribution and integration of telecommunications products which have been operating at a loss for the past few years and are not expected to generate any profit in the near future to the former chairman, Mr. Lau See Hoi. To avoid duplication and accumulation of marketing costs by using multiple sales vehicle and further depletion of the Group's resources in telecom manufacturing, the Directors of the Company consider it is best for the Group to dispose of those loss-making subsidiaries and concentrate their effort on telecom trading businesses.

Financial review

For the fiscal year ended 31 March 2008, the Group reported a total turnover of approximately HK$20,222,000 and loss attributable to equity holders of the Company of approximately HK$4,690,000 as compared to a turnover of approximately HK$22,198,000 and a loss of approximately HK$11,631,000 in the previous year.

The gross margin was 49.0% for the current fiscal year as compared to a gross margin of 57.5% for the last fiscal year. The Group posted a loss attributable to equity holders of the Company of approximately HK$4,690,000 for the fiscal year, which was 59.7% lower than the net loss attributable to equity holders of the Company incurred for the last fiscal year. The reduction of the net loss was mainly attributable to other revenue and net income on disposal of subsidiaries, together with a decrease in administrative and other operating expenses. During the current fiscal year, the Group continued to control selling and distribution costs and administrative and other operating expenses tightly. Administrative and other operating expenses declined by 16.6%, as compared with the last fiscal year.

Segment Information

Sales of telecommunications products accounted for 100% of the turnover of the Group for the year ended 31 March 2008.

Mainland China Market

Business from the Mainland China accounted for 100% of the Group's turnover for the year ended 31 March 2008.

Telecommunications Products

The turnover and the operating loss of telecommunications products for the current year was approximately HK$20,222,000 and approximately HK$2,631,000, respectively, as compared to the turnover and operating loss of approximately HK$21,655,000 and approximately HK$7,855,000 respectively for the preceding year.

During the year, the Group continued to encounter pressure from customers demanding for concession of contract terms including lower pricing and longer payment period, causing the Group to take a longer time required to close and sign contracts. It was quite clear that the business environment of the telecom monitoring equipment industry of China has become unfavorable and competitive. The Company had disposed of the subsidiaries engaging in the assembly, distribution and integration of telecommunications products which have been operating at a loss for the past few years and are not expected to generate any profit in the near future to avoid duplication and accumulation of marketing costs by using multiple sales vehicle and further depletion of the Group's resources in telecom manufacturing. The Directors (including the independent non-executive directors) of the Company considered it was best for the Group to dispose of such loss-making subsidiaries to concentrate their effort on telecom trading businesses.

Liquidity, financial resources and capital structure

As at 31 March 2008, the Group's cash balance of approximately HK$824,000 has declined when compared with the cash balance of approximately HK$2,637,000 of last year. As at 31 March 2008, the Group's net current liabilities were approximately HK$8,283,000, the Directors have taken active measures to improve the liquidity and financial position of the Group during the year ended 31 March 2008 and subsequently.

On 20 August 2007, the Company disposed of the entire issued share capital of (a) T S Telecom (B.V.I.) Ltd. and its subsidiaries comprised T S International Company Limited, TSTT (Canada) Ltd., T S International Ltd., T S Electric and Power Co., Ltd., T S Telecom (Shenzhen) Co., Ltd., Ying Zhi Xun Telecom Equipment (Shenzhen) Co., Ltd., and (b) T S Bio-Medical (B.V.I.) Ltd. and its subsidiaries comprised T S Bio-Technology Ltd. and T S Bio-Technology (Wuhan) Co., Ltd. and the Advances to Disposal Group upon completion of the corporate restructuring to Mr. Lau See Hoi for a cash consideration of HK$3,000,000 pursuant to a sale and purchase agreement entered into on 22 January 2007. On 23 June 2008, the Company entered into a placing agreement with the placing agent, Sun Hung Kai Financial, pursuant to which the Company has conditionally agreed to place, through the placing agent on a best effort basis, up to 67,718,000 placing shares at a price of HK$0.30 per placing share to the placees, who together with their ultimate beneficial owner(s) will be independent third parties. On 30 June 2008, Sun Hung Kai Financial have received confirmations from 13 placees in relation to the acquisition of 67,718,000 new shares at the subscription price of HK$0.30 each. The net proceeds from this placement amounts to HK$19,717,400. Therefore, the directors are of the view that the Group will have sufficient working capital for the foreseeable future.

The Group adopted a conservative treasury policy with almost all bank deposits being kept in Hong Kong dollars, or in the local currencies of the operating subsidiaries to minimize exposure to foreign exchange risks. As at 31 March 2008, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes.

Gearing ratio

The Group's gearing ratio, which was defined as the ratio of total borrowings to shareholders' equity, reduced to 0% from 62.24% of the previous year.

Future plans for material investments

As at 31 March 2008, the Group had not authorized or contracted for any capital expenditure commitments and had no future plans for material investments in capital assets.

Material acquisition and disposals

Except for the disposal of certain subsidiaries completed on 20 August 2007 as aforesaid, the Group did not have any material acquisitions or other disposals of major subsidiaries and affiliated companies for the year ended 31 March 2008.

Contingent liabilities

As at 31 March 2008, the Group did not have any material contingent liabilities.

Foreign exchange exposure

Most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars and Renminbi. The Group adopted a conservative treasury policy with almost all bank deposits being kept in Hong Kong dollars, or in the local currencies of the operating subsidiaries to minimize exposure to foreign exchange risks. As at 31 March 2008, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes.

Employees and remuneration policy

The Group reviewed employee's remuneration from time to time and salary adjustment was normally made on an annual basis. Special adjustment based on length of service and good performance could be made at any time when warranted. In addition to salaries, the Group provided employee's benefits such as medical insurance and provident fund. Share options and bonuses were also available to employees of the Group at the discretion of the directors and depending upon the financial performance of the Group.

For the year ended 31 March 2009

Business review

The Group continued to operate under increasing competition from domestic telecom manufacturing suppliers in the mainland. While the Group had addressed the competition by way of offering customized versions of our base station monitoring systems to suit specific customer needs, the intensified competition and delay in business activity due to continued restructuring of the telecommunication bureau and policies had adversely affected the Group's business momentum in the market place. The Group completed its acquisition of 51% of the entire issued capital of Feng Shan Xian Qian Xing Mining Industry Company Limited on 20 January 2009, the principal activities of which are the exploration, mining and processing of iron. Production is expected to commence before the financial year end.

Financial review

For the fiscal year ended 31 March 2009, the Group reported a total turnover of approximately HK$16,808,000 and loss attributable to equity holders of the Company of approximately HK$12,081,000 as compared to a turnover of approximately HK$20,222,000 and a loss of approximately HK$4,690,000 in the previous year.

The gross margin was approximately 29% for the current fiscal year as compared to a gross margin of 49% for the last fiscal year. The Group posted a loss attributable to equity holders of the Company of approximately HK$12,081,000 for the fiscal year, which was 153% higher than the net loss attributable to equity holders of the Company incurred for the last fiscal year. The increase of the net loss was mainly attributable to reduction in gross profit and other revenue and net income and recognition of an impairment loss on interests in associate.

During the current fiscal year, the Group continued to control the selling and distribution costs and administrative and other operating expenses tightly. Administrative and other operating expenses decreased by 17%, as compared with the last fiscal year.

Segment information

Sales of telecommunications products accounted for 100% of the turnover of the Group for the year ended 31 March 2009. There was no sale of iron ores for the year ended 31 March 2009 as the construction of processing factory has not yet been completed.

Business from the Mainland China accounted for 100% of the Group's turnover for the year ended 31 March 2009.

Telecommunications products

The turnover and the operating loss of telecommunications products for the current year was approximately HK$16,808,000 and approximately HK$2,525,000, respectively, as compared to the turnover and operating loss of approximately HK$20,222,000 and approximately HK$2,631,000 respectively for the preceding year.

During the year, the Group continued to encounter pressure from customers demanding for concession of contract terms including lower pricing and longer payment period, causing the Group to take a longer time required to close and sign contracts. It was quite clear that the business environment of the telecommunications products in China has become unfavorable and competitive.

Liquidity, financial resources and capital structure

As at 31 March 2009, the Group's cash balance of approximately HK$3,030,000 has increased when compared with the cash balance of approximately HK$824,000 of last year. As at 31 March 2009, the Group's net current liabilities were approximately HK$11,631,000 as the Directors have taken active measures to improve the liquidity and financial position of the Group. On 23 June 2008, the Company entered into a placing agreement with Sun Hung Kai Financial (the "Placing Agent"), pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 67,718,000 placing shares at a price of HK$0.30 per placing share to the placees, who together with their ultimate beneficial owner(s) will be Independent Third Parties. The net proceeds from this placement amounts to HK$19,717,400.

Most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars and Renminbi. The Group adopted a conservative treasury policy with almost all bank deposits being kept in Hong Kong dollars, or in the local currencies of the operating subsidiaries to minimize exposure to foreign exchange risks. As at 31 March 2009, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes.

Gearing ratio

The Group's gearing ratio, which was defined as the ratio of total borrowings to total equity, mildly increased from 0% of the previous year to 1.98% in the current year.

Future plans for material investments

As at 31 March 2009, the Group had not authorized or contracted for any capital expenditure commitments and had no future plans for material investments in capital assets.

Material acquisition and disposals

Except for the acquisition of 51% of the entire issued capital of Feng Shan which was completed on 20 January 2009, the Group did not have any material acquisitions or other disposals of major subsidiaries and affiliated companies for the year ended 31 March 2009.

Contingent liabilities

As at 31 March 2009, the Group did not have any material contingent liabilities.

Foreign exchange exposure

Since most of the transactions of the Group were denominated in Renminbi or HK dollars, the Group did not experience any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the year under review.

Employees and remuneration policy

The Group reviewed employee's remuneration from time to time and salary adjustment was normally made on an annual basis. Special adjustment based on length of service and good performance could be made at any time when warranted. In addition to salaries, the Group provided employee's benefits such as medical insurance and provident fund. Share options and bonuses were also available to employees of the Group at the discretion of the directors and depending upon the financial performance of the Group.

For the year ended 31 March 2010

Business review

The Group continued to operate under increasing competition from domestic telecom manufacturing suppliers in the mainland. While the Group had addressed the competition by way of offering customized versions of our base station monitoring systems to suit specific customer needs, the intensified competition and delay in business activity due to continued restructuring of the telecommunications bureau and policies had adversely affected the Group's business momentum in the market place.

The Group completed its acquisition of 51% of the entire issued capital of Feng Shan Xian Qian Xing Mining Industry Company Limited on 20 January 2009, the principal activities of which are the exploration, mining and processing of iron.

Financial review

For the fiscal year ended 31 March 2010, the Group reported a total turnover of approximately HK$34,876,000 and loss attributable to owners of the Company of approximately HK$6,892,000 as compared to a turnover of approximately HK$16,808,000 and loss attributable to equity holders of the Company of approximately HK$12,081,000 in the previous year.

The gross margin was approximately 22% for the current fiscal year as compared to a gross margin of 29% for the last fiscal year. The Group posted a loss of approximately HK$6,150,000 for the current fiscal year, which was 48% lower than the loss incurred for the last fiscal year. The decrease of the loss was mainly attributable to increasing gross profit, other revenue and net income and share of results of associate.

During the current fiscal year, the Group continued to control costs and expenses tightly. Selling and distribution costs increased by 38% as a result of increase in turnover by 107%. Administrative and other operating expenses slightly increased by 12%, as compared with the last fiscal year.

Segment information

Sales of telecommunications products accounted for 100% of the turnover of the Group for the year ended 31 March 2010. There was no sale of iron ores for the year ended 31 March 2010 as the construction of processing factory has not yet been completed.

Mainland China Market

Business from the Mainland China accounted for 100% of the Group's turnover for the year ended 31 March 2010.

Telecommunications products

The turnover and the operating profit of telecommunications products for the current year was approximately HK$34,876,000 and approximately HK$6,666,000, respectively, as compared to the turnover and operating loss of approximately HK$16,808,000 and approximately HK$2,534,000, respectively for the preceding year.

During the year, the Group continued to encounter pressure from customers demanding for concession of contract terms including lower pricing and longer payment period, causing the Group to take a longer time required to close and sign contracts. The business environment of the telecommunications products in China has become unfavorable and competitive.

Liquidity, financial resources and capital structure

As at 31 March 2010, the Group's cash balance of approximately HK$6,930,000 has increased when compared with the cash balance of approximately HK$3,030,000 of last year. As at 31 March 2010, the Group's net current liabilities was approximately HK$869,000. The Directors have taken active measures to improve the liquidity and financial position of the Group.

Most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars and Renminbi. The Group adopted a conservative treasury policy with almost all bank deposits being kept in Hong Kong dollars, or in the local currencies of the operating subsidiaries to minimize exposure to foreign exchange risks. As at 31 March 2010, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes.

Gearing ratio

The Group's gearing ratio, which was defined as the ratio of total borrowings to total equity, reduced to 0% from 1.32% last year.

Future plans for material investments

As at 31 March 2010, the Group had not authorised or contracted for any capital expenditure commitments and had no future plans for material investments in capital assets.

Material acquisition and disposals

The Group did not have any material acquisitions or other disposals of major subsidiaries and affiliated companies for the year ended 31 March 2010.

Contingent liabilities

As at 31 March 2010, the Group did not have any material contingent liabilities.

Foreign exchange exposure

Since most of the transactions of the Group were denominated in Renminbi or HK dollars, the Group did not experience any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the year under review.

Employees and remuneration policy

The Group reviewed employee's remuneration from time to time and salary adjustment was normally made on an annual basis. Special adjustment based on length of service and good performance could be made at any time when warranted. In addition to salaries, the Group provided employee's benefits such as medical insurance and provident fund. Share options and bonuses were also available to employees of the Group at the discretion of the directors depending upon the financial performance of the Group.

The remuneration of the directors of the Company are decided by the remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market information.

For the six months ended 30 September 2010

Results of Operations

Turnover was approximately HK$5,085,000 for the six months ended 30 September 2010 compared with a turnover of approximately HK$8,965,000 for the corresponding period of last year.

The gross margin was 7% for the current period as compared to a gross profit margin of 8% for the corresponding period of last year.

Other revenue and net income is disclosed in note 2 to the financial statements.

During the period, the Group continued to control the selling and distribution costs and the administrative and other operating expenses tightly.

Finance costs decreased, as compared to the corresponding period of last year.

The Group recorded a loss attributable to the owners of the Company of approximately HK$5,137,000 for the six months ended 30 September 2010, which was approximately 51% higher than the loss attributable to owners of the Company incurred for the corresponding period of last year.

Segment Information

Segment information is disclosed in note 3 to the financial statements.

Telecommunications Products

During this period, the Group continued to encounter pressure from customers demanding for concession of contract terms including lower pricing and longer payment period, causing the Group to take a longer time to close and sign contracts. It was quite clear that the business environment of the telecom monitoring equipment industry of China has become unfavorable and competitive.

Mining Products

The Group will make effort to develop the iron mines after the completion of the acquisition of 49% from the minority owner of Feng Shan.

Liquidity, Financial Resources and Capital Structure

As at 30 September 2010, the cash balance of approximately HK$39,357,000 has increased by approximately 468% when comparing with the cash balance of approximately HK$6,930,000 as of 31 March 2010.

As at 30 September 2010, the Group had net current assets of approximately HK$38,629,000. The Company has raised approximately HK$48.6 million before expenses, by way of the rights issue announced on 6 July 2010, on the basis of one Rights Share for every existing share held on 19 August 2010. The Rights Issue involved an issue of 486,314,000 Rights Shares at the subscription price of HK$0.1 per rights share which become unconditional on 8 September 2010. The Directors are of the view that the Group will have sufficient working capital for the foreseeable future.

Most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars and Renminbi. The Group adopted a conservative treasury policy with almost all bank deposits being kept in Hong Kong dollars, or in the local currencies of the operating subsidiaries to minimize exposure to foreign exchange risks. As at 30 September 2010, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes.

Change in the capital structure and issued capital of the Group has been disclosed under note 15 to the financial statements.

Gearing ratio

The Group's gearing ratio, which was defined as the ratio of total long term borrowings to total equity, was 0% as at 30 September 2010 (31 March 2010: 0%).

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 September 2010 and 31 March 2010.

2. MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP

The following is the management discussion and analysis of the performance of the Target Group for the three years ended 31 December 2010:

Business Review

The Target Company is an investment holding company incorporated in the British Virgin Islands on 6 May 2010 with limited liability and is wholly-owned by the Vendor. The principal activity of the Target Company is investment holding. Save for its 100% shareholding interest in the HK Holdco (which in turns owns 100% equity interest in the Property Company), the Target Company does not have and has not had any other businesses, operations and/or significant assets. The Property Company is a company incorporated in the PRC on 29 December 2003 and is principally engaged in property investment and development, operating and managing residential and commercial properties. Its principal asset is the Property.

The Property is located at Zhongxincheng District, Leshan City, Sichuan Province, the PRC. The Property comprises a residential and commercial development site with a site area of approximately 3,111.96 sq.m.. The gross floor area of the Property is approximately 27,544.14 sq.m. (inclusive of a basement floor) and comprises of 4 portions, namely residential, commercial, basement car park and facilities. The construction work of the Property has been completed and the ceiling has been sealed. The work in relation to partitioning, electrical engineering and interior decoration is expected to be completed by the end of 2011.

A pre-sales permit (預售許可證) is required for the sale of the Property. As at the Latest Practicable Date, the Company intended to lease out the commercial portion of the Property and had no concrete plan on whether to lease out or to sell the residential portion of the Property and will determine after further considering the latest market conditions of the property market in the PRC.

Financial review

Set out below is a summary of the audited combined financial information of the Target Group for the three years end 31 December 2010 prepared in accordance with the Hong Kong Financial Reporting Standards, as extracted from Appendix III to this circular:

Combined Income Statements

	Year ended 31 December		
	2008	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*
Turnover	–	–	–
Loss before income tax	665	736	914
Loss for the year attributable to the owners	498	576	717

Combined Statements of Financial Position

	As at 31 December 2008	As at 31 December 2009	As at 31 December 2010
	RMB'000	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)
Total assets	59,188	63,534	65,104
Total liabilities	(41,347)	(46,269)	(72,917)
Net assets / (liabilities)	17,841	17,265	(7,813)

Turnover and Other Revenue

The Target Group had not been generating any turnover during the years under review. The Company expects the Target Group to generate turnover from (i) leasing of the commercial portion of the Property; (ii) leasing of certain residential portion of the Property and/or basement car park area; and (iii) selling of certain portion of the residential portion of the Property, after taking into account the latest market conditions.

For the years ended 31 December 2008, 2009 and 2010, the Target Group recorded bank interest income and sundry income of RMB2,000, RMB4,000 and RMB6,000 respectively.

Liquidity and Financial Resources

As at 31 December 2008, 2009 and 2010, the Target Group had (i) other payables and accrued charges of approximately RMB5.30 million, RMB5.30 million and RMB2.31 million respectively; and (ii) amount due to related parties of approximately RMB36.05 million, RMB40.97 million and RMB70.61 million respectively. The gearing ratio, expressed as a percentage of total liabilities over total assets, as at 31 December 2008, 2009 and 2010 were approximately 69.86%, 72.83% and 112.00% respectively.

As at 31 December 2008

As at 31 December 2008, the Target Group's audited net assets and net current assets were approximately RMB17.84 million and RMB16.45 million respectively. The Target Group had total cash and cash equivalents of approximately RMB0.05 million as at 31 December 2008, and the corresponding gearing ratio of approximately 69.86%.

As at 31 December 2008, the current assets of the Target Group mainly comprised the properties under development (land use rights and the development expenditure) of RMB37.23 million, other receivables and prepayments of approximately RMB18.20 million and amounts due from related parties of RMB2.32 million. In respect of the amounts due from related parties, the amounts are unsecured and non-interest bearing and have no fixed repayment terms. Other receivables comprised mainly advances (non-interest bearing with no fixed repayment terms) to third parties and employees of the Target Group.

As at 31 December 2009

As at 31 December 2009, the current assets of the Target Group mainly comprised the properties under development (land use rights and the development expenditure) of RMB40.41 million, other receivables and prepayments of approximately RMB18.20 million and amounts due from related parties of RMB2.28 million.

As at 31 December 2010

As at 31 December 2010, the current assets of the Target Group mainly comprised the properties under development (land use rights and the development expenditure) of RMB41.82 million, other receivables and prepayments of approximately RMB18.21 million and amounts due from related parties of RMB2.99 million.

Capital Commitments

The Target Group did not have any material capital commitments as at 31 December 2008, 2009 and 2010.

Other Commitments

As at 31 December 2008, 2009 and 2010, the Target Group had outstanding commitments for property development expenditure of approximately RMB17.46 million, RMB14.34 million and RMB13.31 million respectively.

Exchange rate exposure

The reporting currency and functional currency of the Target Group are expressed in RMB. The business operations of the Target Group are operated in the PRC and most of its transactions are denominated and settled in RMB. The revenue and expenses of the Target Group are denominated mainly in the functional currency of the Target Group. Accordingly, there is no significant exposure to foreign currency risk. The Target Group does not have any policy to use financial instruments, currency borrowings and/or other hedging instruments for hedging purposes and did not use any financial instruments, current borrowings and/or other hedging instruments for hedging purposes.

Treasury policies

The Target Group usually finances its business operations through the owners' contributions and advances from related parties. The Target Group had no formal treasury policy and did not enter into any form of financial arrangement for the last three financial years. However, the Target Group regularly reviews its major funding positions to ensure it has adequate financial resources in meeting its financial obligations.

Although the Target Group has recorded net current liabilities of approximately RMB9.54 million as at 31 December 2010, the Company will provide financial support to the Target Group in the future.

Charges on assets

As at 31 December 2008, 2009 and 2010, the Target Group did not have any charges on assets.

Contingent liabilities

The Target Company did not have any contingent liabilities as at 31 December 2008, 2009 and 2010.

Significant investments, material acquisition and disposals

The Target Company became one of the companies wholly-owned by the Vendor by an issue of 50,000 shares of USD1 each at par in the Target Company to the Vendor on 1 June 2010. The HK Holdco became a subsidiary of the Target Company by the allotment of 29,999,999 shares of HK$1 each at par in the HK Holdco to the Target Company on 15 June 2010 and then became a wholly-owned subsidiary of the Target Company upon the completion of the transfer of 1 ordinary share of HK$1 at par in the HK Holdco to the Target Company on 17 June 2010. The HK Holdco acquired the 30% equity interest in the Property Company on 6 July 2010 and 70% equity interest in the Property Company on 16 September 2010, at a total cost of the Property Company's registered capital of RMB25 million from companies under the common control of the Vendor. Save as disclosed above, the Target Group did not have any significant investments, material acquisition and disposals for the last three financial years.

Employees and remuneration

The Target Group employed 10, 13 and 11 employees as at 31 December 2008, 2009 and 2010 respectively. Total staff costs for each of the three years ended 31 December 2008, 2009 and 2010 were approximately RMB0.47 million, RMB0.46 million and RMB0.54 million respectively.

Future plans for material investments

The directors of the Target Group did not have any future plans for material investments as at the Latest Practicable Date.

3. INDEBTEDNESS STATEMENT

At the close of business on 28 February 2011, being the latest practicable date for the purpose of ascertaining information contained in this indebtedness statement prior to the printing of this circular, the Enlarged Group had total outstanding borrowings of approximately HK$84,886,000, total outstanding operating lease commitments of approximately HK$563,000 and total other commitments of approximately HK$14,592,000, details of which are as follows:

Borrowings

As at 28 February 2011, the Enlarged Group had outstanding amounts due to directors of the Company of approximately HK$194,000, amounts due to a director of the Target Company of approximately HK$29,622,000 and amounts due to related companies of the Target Group of approximately HK$55,070,000, all of which were unsecured.

Operating Lease Commitments

As at 28 February 2011, the Enlarged Group had outstanding operating lease commitments of approximately HK$563,000, which represented the total future minimum lease payments under non-cancellable operating leases in respect of rented land and buildings.

Other Commitments

As at 28 February 2011, the Enlarged Group had outstanding commitments of approximately HK$14,592,000, which represented the total property development expenditure contracted for but not provided for in the financial statements.

Save as aforesaid and apart from intra-group liabilities and normal trade and other payables, at the close of business on 28 February 2011, the Enlarged Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, any term loans, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, any mortgages and charges or any guarantees or material contingent liabilities.

Foreign currency amounts have been translated at the approximate exchange rates prevailing at the close of business on 28 February 2011.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position or prospects of the Group since 31 March 2010, the date to which the latest published audited financial statements of the Group were made up.

5. WORKING CAPITAL STATEMENT

The Directors, after due and careful enquiry, are satisfied that, taking into consideration the expected completion of the Acquisition and the financial resources available to the Enlarged Group including internally generated funds, credit facilities available to the Group at present and in the absence of unforeseen circumstances, the Enlarged Group will have sufficient working capital for its present requirements for the next twelve months from the date of this circular.

6. RECONCILIATION OF THE PROPERTIES

The statement below shows the reconciliation of the aggregate amount of properties under development carried at cost as reflected in the financial information of the Target Group as at 31 December 2010 with the valuation of these properties as at 31 January 2011 as set out in Appendix V to this circular:

	RMB'000
Carrying amount of property interests of the Target Group as at 31 December 2010:	
Properties under development	41,818
Movements for the month ended 31 January 2011:	
Property development expenditure during the month	1,000
Carrying amount as at 31 January 2011	42,818
Revaluation surplus	89,182
Valuation as at 31 January 2011	132,000

LO&LO 富誠

LO & LO CPA LIMITED
Certified Public Accountants
Room 2111, 21st Floor, Wing On Centre
111 Connaught Road Central
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8 April 2011

The Directors
Great World Company Holdings Ltd
Suites 1803-4, 18th Floor, Chinachem Tower
34-37 Connaught Road Central
Hong Kong

Dear Sir(s)/Madam(Mesdames)

We set out below our report on the financial information (the "Financial Information") relating to Linkful Wise Group Holdings Limited (the "Target Company") and its subsidiaries, Great China International Enterprises Group Limited (the "HK Holdco") and 樂山大中華國際實業有限公司 (Leshan Great China International Enterprises Limited*, the "Property Company"), (collectively the "Target Group"), for each of the three years ended 31 December 2008, 2009 and 2010 (together the "Relevant Periods"), including the statements of financial position as at 31 December 2008, 2009 and 2010, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the Relevant Periods, and notes thereto, for inclusion in the circular of Great World Company Holdings Ltd (the "Company") to its shareholders dated 8 April 2011 (the "Circular") in connection with the proposed acquisition of 100% equity interest in the Target Company by Golden Strategy Limited, a wholly-owned subsidiary of the Company (the "Acquisition").

The Target Company was incorporated in the British Virgin Islands with limited liability on 6 May 2010 and is principally engaged in investment holding. Save for its interest in the HK Holdco, the Target Company does not have and has not had any other businesses, operations and/or significant assets.

The HK Holdco was incorporated in Hong Kong with limited liability on 11 June 2010 and is principally engaged in investment holding. Save for its interest in the Property Company, the HK Holdco does not have and has not had any other businesses, operations and/or significant assets.

The Property Company was established in the People's Republic of China ("PRC") with limited liability on 29 December 2003 and was principally engaged in property investment and development, operating and managing residential and commercial properties during the Relevant Periods.

No audited financial statements have been prepared by the Target Company and the HK Holdco since the date of their respective incorporation as they were newly incorporated and have not been involved in any significant business transactions other than the holding of relevant interest in the HK Holdco and the Property Company respectively. The financial statements of the Property Company for the years ended 31 December 2008 and 2009, prepared in accordance with relevant accounting principles and financial regulations applicable to companies established in the PRC, were audited by 四川久信聯合會計師事務所 (Sichuan Jiuxin United Certified Public Accountants Agency) which is a company of registered auditors in the PRC. No audited financial statements in accordance with relevant according principles and financial regulations applicable to companies established in the PRC have been prepared for the Property Company for the year ended 31 December 2010.

For the purpose of this report, the director of the Target Company has prepared the combined financial statements of the Target Group for the Relevant Periods, on the basis set out in note 4 below and after making such adjustments as appropriate, in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements") for which the director of the Target Company is solely responsible.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

For the purpose of this report, we have carried out independent audit procedures on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and performed such additional procedures as necessary on the Financial Information in accordance with the Auditing Guideline 3.304 "Prospectuses and the reporting accountant" issued by the HKICPA.

In our opinion, the Financial Information together with the notes thereto, for the purpose of this report, gives a true and fair view of the state of affairs of the Target Group as at 31 December 2008, 2009 and 2010, and of the results and cash flows of the Target Group for the Relevant Periods.

Without qualifying our opinion, we draw attention that the Target Group incurred an accumulated losses of approximately RMB8,155,000 as at 31 December 2010 and the Target Group's current liabilities exceeded its total assets, as of that date, by approximately RMB7,813,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Target Group's ability to continue as a going concern.

A. FINANCIAL INFORMATION

Combined Income Statements

	Notes	Year ended 31 December 2008 *RMB'000*	2009 *RMB'000*	2010 *RMB'000*
Turnover	*5*	–	–	–
Other revenue	*6*	2	4	6
Administrative and other operating expenses		(667)	(740)	(920)
Loss before income tax	*7*	(665)	(736)	(914)
Income tax	*10*	167	160	197
Loss for the year attributable to the owners		(498)	(576)	(717)

Combined Statements of Comprehensive Income

	Year ended 31 December 2008 *RMB'000*	2009 *RMB'000*	2010 *RMB'000*
Loss for the year	(498)	(576)	(717)
Other comprehensive income			
– exchange differences on translation of financial statements presented in other currencies	–	–	297
Total comprehensive income for the year attributable to the owners	(498)	(576)	(420)

Combined Statements of Financial Position

		As at 31 December		
	Notes	**2008**	**2009**	**2010**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*13*	42	31	20
Deferred tax assets	*20*	1,347	1,507	1,704
Total non-current assets		1,389	1,538	1,724
Current assets				
Properties under development	*14*	37,227	40,411	41,818
Amounts due from related parties	*15*	2,321	2,277	2,992
Other receivable and prepayments	*16*	18,204	18,203	18,205
Cash and cash equivalents	*17*	47	1,105	365
Total current assets		57,799	61,996	63,380
Current liabilities				
Amounts due to related parties	*18*	(36,045)	(40,973)	(70,611)
Other payables and accrued charges	*19*	(5,302)	(5,296)	(2,306)
Total current liabilities		(41,347)	(46,269)	(72,917)
Net current assets/(liabilities)		16,452	15,727	(9,537)
Net assets/(liabilities)		17,841	17,265	(7,813)
Capital and reserves				
Capital	*21*	25,000	25,000	342
Accumulated losses		(7,159)	(7,735)	(8,155)
Total equity/(deficit)		17,841	17,265	(7,813)

Combined Statements of Changes in Equity

	Capital	Translation reserve	Accumulated losses	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2008	25,000	–	(6,661)	18,339
Total comprehensive income for the year	–	–	(498)	(498)
As at 31 December 2008 and 1 January 2009	25,000	–	(7,159)	17,841
Total comprehensive income for the year	–	–	(576)	(576)
As at 31 December 2009 and 1 January 2010	25,000	–	(7,735)	17,265
Issue of shares	342	–	–	342
Eliminated on common control combination	(25,000)	–	–	(25,000)
Total comprehensive income for the year	–	297	(717)	(420)
As at 31 December 2010	342	297	(8,452)	(7,813)

Combined Statements of Cash Flows

	Year ended 31 December		
	2008	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities			
Loss before income tax	(665)	(736)	(914)
Adjustments for:			
Interest income	(2)	(1)	(2)
Depreciation	21	22	11
Operating loss before working capital changes	(646)	(715)	(905)
Increase in properties under development	(1,004)	(3,184)	(1,407)
Decrease/(increase) in amounts due from related parties	(123)	44	(715)
Decrease/(increase) in other receivables and prepayments	23	1	(2)
Increase in amounts due to related parties	656	4,928	1,638
Increase/(decrease) in other payables and accrued charges	(26)	(6)	10
Cash used in operations	(1,120)	1,068	(1,381)
Tax paid	–	–	–
Net cash used in operating activities	(1,120)	1,068	(1,381)
Investing activities			
Interest received	2	1	2
Payment for purchase of property, plant and equipment	–	(11)	–
Net cash used in investing activities	2	(10)	2
Financing activities			
Proceeds from issuance of shares	–	–	342
Net cash generated from financing activities	–	–	342
Net increase/(decrease) in cash and cash equivalents	(1,118)	1,058	(1,037)
Cash and cash equivalents at beginning of the year	1,165	47	1,105
Effect of foreign exchange rate changes	–	–	297
Cash and cash equivalents at end of the year	47	1,105	365
Analysis of cash and cash equivalents at end of the year:			
Bank deposits	47	1,105	365

Notes to the Financial Statements

1. GENERAL INFORMATION

Linkful Wise Group Holdings Limited (the "Target Company") was incorporated in the British Virgin Islands on 6 May 2010 with limited liability. Its registered office is OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands and its principal activity is investment holding.

Great China International Enterprises Group Limited (the "HK Holdco") was incorporated in Hong Kong on 11 June 2010 with limited liability and its principal activity is investment holding.

樂山大中華國際實業有限公司 (Leshan Great China International Enterprises Limited*, the "Property Company") was established in the People's Republic of China ("PRC") on 29 December 2003 with limited liability and its principal activities are property investment and development, operating and managing residential and commercial properties.

The Target Company became one of the companies wholly-owned by Mr. Huang Shih Tsai ("Mr. Huang") by an issue of 50,000 shares of USD1 each at par in the Target Company to Mr. Huang on 1 June 2010. The HK Holdco became a subsidiary of the Target Company by the allotment of 29,999,999 ordinary shares of HKD1 each at par in the HK Holdco to the Target Company on 15 June 2010 and then became a wholly-owned subsidiary of the Target Company upon the completion of the transfer of 1 ordinary share of HKD 1 at par in the HK Holdco to the Target Company on 17 June 2010. The HK Holdco acquired the entire equity interest in the Property Company, as to 30% on 6 July 2010 and 70% on 16 September 2010, at a total cost of the Property Company's registered capital of RMB25,000,000 from companies under common control (i.e. beneficially owned by Mr. Huang).

The combined financial statements are presented in Renminbi ("RMB"), unless otherwise stated, as the principal operations of the Target Group are carried on in the PRC.

2. BASIS OF PREPARATION

The Financial Information has been prepared, under the historical cost convention on a going concern basis, in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the Financial Information includes applicable disclosures as required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Financial Information is the first set of financial statements prepared by the Target Group in accordance with HKFRSs.

The preparation of Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Target Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the Financial Information are disclosed in note 26.

For the purpose of this report, the Target Company, the HK Holdco and the Property Company are deemed to be under common control throughout the Relevant Periods to demonstrate the impact of the Acquisition as if they had been combined from the date when they first came under the control of the controlling party. The Target Group is regarded and accounted for as a continuing group. Accordingly, the Financial Information set out in this report has been prepared on the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA.

The combined statements of financial position of the Target Group as at 31 December 2008, 2009 and 2010 have been prepared on a combined basis and present the assets and liabilities of the combining companies under common control comprised the Target Group, as if the current group structure had been in existence as at these dates, using their existing book values from the perspective of the controlling parties. No amount is recognised in respect of goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the combination of the controlling party's interest.

The combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Target Group for the Relevant Periods have been prepared on a combined basis and include the results, changes in equity and cash flows of each of the combining companies comprised the Target Group from the earliest date presented or since the date when the combining companies first came under the common control, where it is a shorter period, regardless of the date of the common control combination.

All significant intra-group transactions and balances have been eliminated on combination.

3. APPLICATION OF NEW AND REVISED HKFRSs

The Target Group has adopted all the new and revised standards and interpretations issued by the HKICPA that are effective for financial periods beginning on or prior to 1 January 2010 in the preparation of the Financial Information throughout the Relevant Periods.

The Target Group has not yet applied the following new or revised HKFRSs that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010[(1)]
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets[(2)]
HKAS 24 (Revised)	Related Party Disclosures[(3)]
HKAS 32 (Amendment)	Classification of Rights Issues[(4)]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[(5)]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[(6)]
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets[(6)]
HKFRS 9	Financial Instruments[(7)]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[(3)]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[(5)]

(1) Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.

(2) Effective for annual periods beginning on or after 1 January 2012.

(3) Effective for annual periods beginning on or after 1 January 2011.

(4) Effective for annual periods beginning on or after 1 February 2010.

(5) Effective for annual periods beginning on or after 1 July 2010.

(6) Effective for annual periods beginning on or after 1 July 2011.

(7) Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Target Group's financial assets.

The director of the Target Company does not anticipate that the application of the other new and revised standards, amendments and interpretations will have a material impact on the combined financial statements of the Target Group.

4. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the combined financial statements are set out below.

(a) Subsidiaries

Subsidiaries are all entities over which the Target Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Target Group controls another entity.

The common control combination has accounted for on the basis of regarding the Target Company as being the holding company of the subsidiaries from the beginning of the earliest period presented, or since the date when the combining companies first came under the control of the controlling party, where it represents a shorter period. The purchase method of accounting is used to account for the acquisition of subsidiaries other than common control combination by the Target Group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

(b) Segment reporting

Operating segments, and the amounts of each segment item reported in the combined financial statements, are identified from the financial information provided regularly to the most senior executive management for the purposes of allocating resources to, and assessing the performance of, various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(c) Functional and presentation currency

Items included in the financial statements of each of the entities in the Target Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Target Company is Hong Kong dollars. The combined financial statements are presented in Renminbi, the functional currency of the Property Company.

(d) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to write off their cost, after taking into account of their residual value, if any, over their estimated useful lives ranged from 3 to 5 years.

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss on derecognition of property, plant and equipment, upon disposal or when no future economic benefits are expected from the continued use of the asset, is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss in the financial period when the relevant asset is derecognised.

(e) Properties held for/under development

Properties held for/under development comprise payment for land use rights, development expenditure and borrowing costs capitalised, and are carried at the lower of cost and net realisable value. Properties under development included in the current assets are expected to be realised in, or is intended for sale in the normal operating cycle.

(f) Financial instruments

(i) Financial assets

The Target Group classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Target Group's accounting policy for each category is as follows:

Financial assets at fair value through profit or loss including financial assets held for trading: Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on investments held for trading are recognised in profit or loss. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Loans and receivables: These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

Held-to-maturity investments: Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are included in non-current assets, except for those with maturities of less than twelve months from the end of the reporting period, which are classified as current assets.

Available-for-sale financial assets: Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months from the end of the reporting period.

(ii) Impairment loss on financial assets

Objective evidence and observable data that come to the attention of the Target Group that the asset is impaired includes the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; and
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(iii) *Financial liabilities*

The Target Group's financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) *Equity instruments*

Equity instruments issued by the Target Group are recorded at the proceeds received, net of direct issue costs.

(v) *Derecognition*

The Target Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39 "Financial Instruments: Recognition and Measurement".

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(g) **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Target Group's cash management are also included as a component of cash and cash equivalents for the purpose of the combined statement of cash flows.

(h) **Revenue recognition**

Revenue is measured at the fair value of the consideration received and receivable and is recognised when it is probable that the economic benefits will flow to the Target Group and the revenue can be measured reliably.

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

(i) **Income taxes**

Income taxes for the Relevant Periods comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

Income taxes are recognised in profit or loss except when they relate to items directly recognised in other comprehensive income in which case the taxes are also directly recognised in other comprehensive income.

(j) Employee benefits

The employees of the Target Group in the PRC are required to participate in government-managed retirement benefit schemes. They are required to contribute a fixed cost per employee to the government-managed retirement benefit schemes. The contributions are recognised in profit or loss as they become payable.

(k) Impairment of other tangible assets

At the end of each reporting period, the Target Group reviews the carrying amounts of other tangible assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income in profit or loss immediately.

(l) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance lease are recognised as assets of the Target Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the combined statement of financial position as a financial lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Target Group's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

(o) Foreign currencies

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period in which they arise, except for exchange differences arising on a monetary item forms part of the Target Company's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the combined financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purpose of presenting the combined financial statements, the assets and liabilities of the Target Group's foreign operation are expressed in RMB using exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case, the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are included in the translation reserve as a separate component of equity. Such exchange differences are recognised in profit or loss in the period in which the relevant operation is disposed of.

Goodwill and fair value adjustments on net identifiable assets acquired arising on the acquisition of the operation are treated as assets and liabilities of the operation and translated at the rate prevailing on the reporting date. Exchange differences arising are included in the translation reserve.

(p) Related parties

A party is related to the Target Group if:

(a) the party, directly or indirectly through one or more intermediaries:

(i) controls, is controlled by, or is under common control with, the Target Group;

(ii) has an interest in the Target Group that gives it significant influence over the Target Group; or

(iii) has joint control over the Target Group;

(b) the party is a joint venture in which the Target Group is a venturer;

(c) the party is an associate of the Target Group;

(d) the party is a member of the key management personnel of the Target Group or the Target Group's parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d) above;

(f) the party is an entity that is controlled, jointly-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e) above; or

(g) the party is a post-employment benefit plan for the benefit of employees of the Target Group, or of any entity that is a related party of the Target Group.

5. TURNOVER

The Target Group did not generate any turnover during the Relevant Periods.

6. OTHER REVENUE

	Year ended 31 December		
	2008	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*
Bank interest income	2	1	2
Sundry income	–	3	4
	2	4	6

7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	Year ended 31 December		
	2008	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*
Auditors' remuneration	12	10	13
Depreciation	21	22	11

8. STAFF COSTS

	Year ended 31 December		
	2008	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*
Staff costs (including directors' and employees' remuneration) comprise:			
Salaries	452	432	502
Contributions to retirement benefit schemes	19	32	38
	471	464	540

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

(a) Directors' remuneration

The remuneration paid and/or payable to the directors of the Target Group for the Relevant Periods is as follows:-

	Year ended 31 December		
	2008	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*
Huang Shih Tsai	–	–	–
史名 (Shi Ming^)	–	–	–
張濤 (Zhang Tao^)	–	–	–
張丹 (Zhang Dan^)	137	160	161
	137	160	161

There was no arrangement under which any director of the Target Group waived or agreed to waive any remuneration during the Relevant Periods.

No emoluments were paid to the directors of the Target Group as an inducement to join, or upon joining the Target Group, or as compensation for loss of office.

(b) Five highest paid employees' emoluments

The numbers of the five highest paid individuals, analysed between director(s) and non-director(s), of the Target Group are as follows:-

	Year ended 31 December		
	2008	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*
Director(s)	137	160	161
Non-director(s)	245	252	330
	382	412	491

The emoluments of those highest paid director(s) of the Target Group have been set out in section (a) of this note above. The emoluments of the highest paid non-director individuals of the Target Group are as follows:

	Year ended 31 December		
	2008	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*
Salaries	234	231	300
Contributions to retirement benefit schemes	11	21	30
	245	252	330

All the employees' emoluments fell within the band between nil to RMB1,000,000.

10. INCOME TAX

The amount of income tax in the statement of comprehensive income represents:

	Year ended 31 December		
	2008	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*
Current tax			
– PRC Enterprise Income Tax for the year	–	–	–
– Hong Kong Profits Tax for the year	–	–	–
Deferred tax			
– Origination and reversal of temporary difference(s) for the year	167	160	197
	167	160	197

The Property Company was subject to PRC Enterprise Income Tax at the rate of 25% and the HK Holdco was subject to Hong Kong Profits Tax at the rate of 16.5% for the Relevant Periods. The Target Group was not subject to tax for other jurisdictions for the Relevant Periods.

The income tax for the Relevant Periods can be reconciled to the loss per the statement of comprehensive income as follows:

	Year ended 31 December		
	2008	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*
Loss before income tax	(665)	(736)	(914)
Taxation calculated at the rates applicable to profits in the jurisdictions concerned	166	184	220
Tax effect of expenses not deductible and losses not allowable	(6)	(25)	(22)
Tax effect of other temporary differences not recognised	7	1	(1)
Income tax credit	167	160	197

11. DIVIDENDS

No dividend was paid or proposed by the Target Group during the Relevant Periods, nor has any dividend been proposed since the end of reporting period.

12. SEGMENT INFORMATION

The Target Group has only one operating segment, property investment and development, operating and managing residential and commercial properties, located in the PRC for the Relevant Periods. Accordingly, no segment information is presented.

13. PROPERTY, PLANT AND EQUIPMENT

	Furniture and equipment
	RMB'000
Cost:	
As at 1 January 2008	105
Additions	–
As at 31 December 2008 and 1 January 2009	105
Additions	11
As at 31 December 2009 and 1 January 2010	116
Additions	–
As at 31 December 2010	116

	Furniture and equipment
	RMB'000
Depreciation:	
As at 1 January 2008	42
Provided for the year	21
As at 31 December 2008 and 1 January 2009	63
Provided for the year	22
As at 31 December 2009 and 1 January 2010	85
Provided for the year	11
As at 31 December 2010	96
Net carrying amount:	
As at 31 December 2008	42
As at 31 December 2009	31
As at 31 December 2010	20

14. PROPERTIES UNDER DEVELOPMENT

	As at 31 December		
	2008	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*
Land use rights	11,066	11,066	11,066
Development expenditure	26,161	29,345	30,752
	37,227	40,411	41,818

The carrying value of land use rights held in the PRC included in the properties under development is analysed as follows:

	As at 31 December		
	2008	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*
Lease(s) between 10 to 50 years	11,066	11,066	11,066

15. AMOUNTS DUE FROM RELATED PARTIES

	As at 31 December		
	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*
Shareholder(s)/director(s):			
Huang Shih Tsai	–	–	704
史名 (Shi Ming^)	256	206	206
張濤 (Zhang Tao^)	10	10	–
張丹 (Zhang Dan^)	4	–	–
	270	216	910
Related company:			
四川省創新投資有限公司 (Sichuan Chuangxi Investment Co., Ltd.^)	2,051	2,061	2,082
	2,321	2,277	2,992

The amounts are unsecured and non-interest bearing and have no fixed repayment terms.

Guarantee has been obtained from related parties, as mentioned in note 22(c), to compensate the Target Group for any loss arising from amounts due from 史名 (Shi Ming^), 張濤 (Zhang Tao^), 張丹 (Zhang Dan^) and 四川省創新投資有限 公司 (Sichuan Chuangxi Investment Co., Ltd.^).

Huang Shih Tsai ("Mr. Huang") is the owner of the Target Group and a director of the Target Company and the HK Holdco.

史名 (Shi Ming^), 張濤 (Zhang Tao^) and 張丹 (Zhang Dan^) are directors of the Property Company.

四川省創新投資有限公司 (Sichuan Chuangxi Investment Co., Ltd.^) is related to the Target Group as Mr. Huang is able to exercise control over this company.

16. OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December		
	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*
Other receivables	18,627	18,628	18,630
Allowances for bad and doubtful debts	(425)	(425)	(425)
	18,202	18,203	18,205
Prepayments	2	–	–
	18,204	18,203	18,205

Other receivables comprised mainly advances (non-interest bearing with no fixed repayment terms) to third parties and employees of the Target Group. Guarantee has been obtained from related parties, as mentioned in note 22(c), to compensate the Target Group for any loss arising from these other receivables. There was no change/movement in the allowance for bad and doubtful debts during the Relevant Periods.

17. CASH AND CASH EQUIVALENTS

	As at 31 December		
	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*
Bank deposits	47	1,105	365

18. AMOUNTS DUE TO RELATED PARTIES

	As at 31 December		
	2008	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*
Shareholder(s)/director(s):			
Huang Shih Tsai	–	–	25,162
張濤 (Zhang Tao^)	12	12	–
Related companies:			
大中華國際集團(中國)有限公司 (Great China International Group (China) Limited^)	15,567	20,495	24,939
大中華實業(汕頭)有限公司 (Great China Enterprise (Shantou) Limited^)	500	500	500
四川省創新投資有限公司 (Sichuan Chuangxi Investment Co., Ltd.^)	19,966	19,966	19,966
Great China International Investment (Groups) Limited	–	–	44
	36,045	40,973	70,611

The amounts are unsecured and non-interest bearing and have no fixed repayment terms.

Huang Shih Tsai ("Mr. Huang") is the owner of the Target Group and a director of the Target Company and the HK Holdco.

大中華國際集團(中國)有限公司 (Great China International Group (China) Limited^), 大中華實業(汕頭)有限公司 (Great China Enterprise (Shantou) Limited^), 四川省創新投資有限公司 (Sichuan Chuangxi Investment Co., Ltd.^) and Great China International Investment (Groups) Limited are related to the Target Group as Mr. Huang is able to exercise control over these companies.

19. OTHER PAYABLES AND ACCRUED CHARGES

	As at 31 December		
	2008	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*
Other payables	5,228	5,230	2,233
Accrued charges	74	66	73
	5,302	5,296	2,306

Other payables comprised mainly additional cost of land use rights and property development expenditure payable.

20. DEFERRED TAX

	Year ended 31 December		
	2008	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax asset in respect of unused tax allowable loss:			
At beginning of the year	1,180	1,347	1,507
Credited to profit or loss	167	160	197
At the end of the year	1,347	1,507	1,704

There was no other significant deductible or taxable temporary difference, which would result in an asset or a liability to be realised or settled in future, at each reporting date.

21. CAPITAL

For the purpose of this report, the capital in the combined statements of financial position as at 31 December 2008, 2009 and 2010 represents the combined capital, after elimination of the relevant investments, of all the companies comprised the Target Group as at the respective reporting dates.

22. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

	Year ended 31 December		
	2008	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*
Other key management staff remuneration	147	165	166

Remuneration for key management personnel of the Target Group, including the directors and other key management staff, of which the directors' remuneration is disclosed in note 9(a) and other key management staff remuneration is disclosed above.

(b) Advances from/to related parties

The Target Group had advances from/to related parties during the Relevant Periods. Details of these advances and their respective balances at each reporting dates are disclosed in notes 15 and 18.

(c) Guarantee provided by related parties

The Target Group had obtained guarantee from 大中華國際集團(中國)有限公司 (Great China International Group (China) Limited^) and 四川省創新投資有限公司 (Sichuan Chuangxi Investment Co., Ltd.^), which are controlled by Mr. Huang Shih Tsai, to compensate the Target Group for any loss arising from counterparties' failure to settle their debts recorded as amounts due from related parties disclosed in note 15 and other receivables disclosed in note 16.

23. COMMITMENTS

The Target Group did not have any material capital or operating lease commitment outstanding at each reporting date.

The Target Group had other commitments outstanding at each reporting date as follows:

	As at 31 December		
	2008	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*
Contracted but not provided for			
– property development expenditure	17,460	14,336	13,310

24. CAPITAL MANAGEMENT POLICY

The Target Group's objectives when managing capital are:

- to safeguard the Target Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders.

The Target Group set the amount of capital in proportion to risk. The Target Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Group is exposed through its operations to various risks from its use of financial instruments as follows:

- Market risks (interest rate risk, currency risk and other price risk)
- Liquidity risk
- Credit risk

These risks are limited by the Target Group's financial management policies and practices described below. Generally, the Target Group introduces conservative strategies on its risk management.

Market risk

(a) Interest rate risk

The Target Group's exposure to interest rate risk is minimal as the Target Group has no significant long-term financial assets and liabilities, thus its operating results are unlikely to be significantly affected by changes in market interest rates.

(b) Currency risk

The Target Group mainly operates in the PRC with most of the transactions denominated and settled in RMB and most of the monetary assets and liabilities denominated in RMB. Therefore, the management of the Target Group considers the Target Group has no significant currency risk.

(c) Price risk

The Target Group did not have investments in equity securities for treasury purpose and therefore is not exposed to equity price risk.

Liquidity risk

Owners' contributions and advances from related parties are the general source of funds to finance the operations of the Target Group. The Target Group's liquidity risk management is to diversify the funding source. The Target Group regularly reviews its major funding positions to ensure it has adequate financial resources in meeting its financial obligations.

The Target Group has recorded net current liabilities at 31 December 2010. The owner of the Target Group has shown his intention to provide sufficient financial support to the Target Group so as to meet the liabilities as and when they fall due and to enable the Target Group to continue operating for the foreseeable future.

The contractual maturities of the Target Group's financial liabilities are shown as below:

	As at 31 December		
	2008	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*
In less than one year	41,347	46,269	72,917

Credit risk

The Target Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the combined statements of financial position.

The credit risk is concentrated on amounts due from related parties and other receivables analysed as follows:

	No. of largest debtors	Amount	Approximate percentage to total carrying amount of financial assets
		RMB'000	
As at 31 December 2008	3	20,105	98%
As at 31 December 2009	3	20,115	93%
As at 31 December 2010	3	20,135	93%

The Target Group has obtained guarantee from related parties (note 22(c)) to compensate any loss arising from amounts due from certain related parties and other receivables as a measure to reduce its exposure to credit risk.

The credit risk on bank deposits is limited because the counterparties are banks with high credit-rating.

26. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Impairment of assets

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, The Target Group's management has to exercise judgement in the area of asset impairment, particularly in assessing (i) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (ii) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate.

Allowance for bad and doubtful debts

The policy for allowance of bad and doubtful debts of the Target Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of the receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtor were to deteriorate, resulting in impairment of their ability to make payments, additional allowance may be required.

Income taxes

The Target Group is subject to various taxes in the PRC. Significant judgement is required in determining the provision for taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Target Group recognises taxes based on estimates of the likely outcome with reference to current tax laws and practices. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the provision for income and other taxes and deferred tax in the period in which such determination is made.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the management's expectation of future taxable profit that will be available against which tax losses can be utilised. The outcome of their actual utilisation may be different.

27. EVENTS AFTER THE RELEVANT PERIODS

No significant event for the Target Group took place subsequent to 31 December 2010.

B. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Group have been prepared in respect of any period subsequent to 31 December 2010.

Yours faithfully

LO & LO CPA LIMITED
Certified Public Accountants
NG Hoi Yue Herman
Practising Certificate Number: P01554
Hong Kong

^ *for identification purposes only*

LO&LO 富誠

LO & LO CPA LIMITED
Certified Public Accountants
Room 2111, 21st Floor, Wing On Centre
111 Connaught Road Central
Central, Hong Kong

8 April 2011

The Directors
Great World Company Holdings Ltd
Suites 1803-4, 18th Floor, Chinachem Tower
34-37 Connaught Road Central
Hong Kong

Dear Sir(s)/Madam(Mesdames)

We report on the unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of Great World Company Holdings Ltd (the "Company") and the Company's subsidiaries (hereinafter collectively referred to as the "Group") and Linkful Wise Group Holdings Limited (the "Target Company") and the Target Company's subsidiaries (hereinafter collectively referred to as the "Target Group"), (the Group together with the Target Group hereinafter referred to as the "Enlarged Group"), set out in Appendix IV to the circular of the Company dated 8 April 2011 (the "Circular"), which has been prepared by the directors of the Company, solely for illustrative purposes only, to provide information about how the acquisition of the 100% equity interest of the Target Company (the "Acquisition") might have affected the financial information presented. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Section A in Appendix IV to the Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with rule 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 7.31(1) of the GEM Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Enlarged Group as at 30 September 2010 or any future date; or

- the results and cash flows of the Enlarged Group for the year ended 31 March 2010 or any future period.

OPINION

In our opinion:

a. the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

b. such basis is consistent with the accounting policies of the Group so far as such policies related to the transactions; and

c. the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 7.31(1) of the GEM Listing Rules.

Yours faithfully

LO & LO CPA LIMITED
Certified Public Accountants
NG Hoi Yue Herman
Practising Certificate Number: P01554
Hong Kong

A. BASIS OF PREPARATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of the Enlarged Group has been prepared for the purpose of illustrating the effect of the Acquisition.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group has been prepared based on the unaudited consolidated statement of financial position of the Group as at 30 September 2010 as extracted from the interim report of the Company issued on 12 November 2010 and the audited combined statement of financial position of the Target Group as at 31 December 2010 as extracted from the accountants' report set out in Appendix III to this circular, after making pro forma adjustments relating to the Acquisition, as if the Acquisition had been completed on 30 September 2010.

The unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group have been prepared based on the audited consolidated income statement, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2010 as extracted from the annual report of the Company issued on 30 June 2010 and the audited combined income statement, the audited combined statement of comprehensive income and the audited combined statement of cash flows of the Target Group for the year ended 31 December 2010 as extracted from the accountants' report set out in Appendix III to this circular, after making pro forma adjustments relating to the Acquisition, as if the Acquisition had been completed on 1 April 2009.

The Unaudited Pro Forma Financial Information is based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. A narrative description of the pro forma adjustments of the Acquisition, that are (i) directly attributable to the transactions, (ii) expected to have a continuing impact on the Enlarged Group; and (iii) factually supportable, is summarized in the accompanying notes.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared by the directors of the Company for illustrative purposes only and is based on a number of assumptions, estimates, uncertainties and currently available information. Accordingly, and because of it nature, the Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to predict what the financial position of the Enlarged Group will be on completion of the Acquisition or the results and cash flows of the Enlarged Group will be after the Acquisition.

B. PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	The Group as at 30 September 2010	The Target Group as at 31 December 2010	Pro forma adjustments			The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*		*HK$'000*
	Note a	*Note b*	*Note d*	*Note e*		
Non-current assets						
Property, plant and equipment	2,970	23				2,993
Goodwill	10,539	–				10,539
Other intangible assets	822	–				822
Interests in associate	19,284	–				19,284
Deferred tax assets	1,074	1,977		(1,977)	(i)	1,074
	34,689	2,000				34,712
Current assets						
Inventories	12,525	–				12,525
Properties under development	–	48,509		108,597	(i)	157,106
Trade and other receivables	11,199	21,118				32,317
Amounts due from related parties	–	3,471				3,471
Cash and bank deposits	39,357	423	(3,000)	(10,000)	(ii)	26,780
	63,081	73,521				232,199
Current liabilities						
Trade and other payables	(24,029)	(2,675)				(26,704)
Amounts due to directors/related parties	(423)	(81,909)				(82,332)
	(24,452)	(84,584)				(109,036)
Net current assets/(liabilities)	38,629	(11,063)				123,163
Non-current liabilities						
Deferred tax liabilities	–	–		(26,955)	(i)(vii)	(26,955)
Convertible note – liability portion	–	–		(23,031)	(vi)	(23,031)
Financial liability – present value	–	–		(645)	(viii)	(645)
	–	–				(50,631)
Net assets/(liabilities)	73,318	(9,063)				107,244
Capital and reserves						
Share capital	97,263	397		15,103	(iv)(v)	112,763
Reserves	(25,533)	(9,460)	(3,000)	21,860	(iv)(v)	(16,133)
Convertible note – equity portion	–	–		9,026	(vii)	9,026
Equity attributable to owners of the Company	71,730	(9,063)				105,656
Non-controlling interests	1,588	–				1,588
Equity	73,318	(9,063)				107,244

Notes:

a. The financial information of the Group is extracted from the unaudited consolidated financial statements as included in the published interim report of the Company for the six months ended 30 September 2010.

b. The financial information of the Target Group is extracted from the financial information of the Target Group as set out in Appendix III to this circular.

c. For the purpose of the unaudited pro forma consolidated statement of financial position of the Enlarged Group, amounts expressed in Renminbi have been translated to Hong Kong dollars at the rate of RMB1: HK$1.16, which is the approximate exchange rate prevailing at 30 September 2010 adopted by the Group for the purpose of the preparation of its published interim report for the six months ended 30 September 2010.

d. The adjustment represents the total estimated expenses in relation to the Acquisition of approximately HK$3 million.

e. The adjustments in connection with the Acquisition represent:

(i) the excess of the Consideration over the assumed fair values of the assets and liabilities (other than properties under development) of the Target Group is adjusted to the fair value of properties under development and corresponding deferred tax liabilities as follows:

	HK$'000
The Consideration of Acquisition	150,800
Adjustment to the Consideration *(note e(iii))*	(75,012)
Adjusted consideration	75,788
Adjustment to the fair value of Consideration Shares (HK$27,900,000 – HK$31,000,000) *(note e(v))*	(3,100)
Adjustment to the fair value of financial liabilities (HK$645,000 – HK$948,000) *(note e(viii))*	(303)
Adjusted fair value of consideration	72,385
Carrying amount of net liabilities of the Target Group as at 31 December 2010	9,063
Net fair value adjustment	81,448
Represented by:	
Properties under development *(note e(ix))*	108,597
Deferred tax liabilities *(note e(ix))*	(27,149)
	81,448

For the purpose of the Unaudited Pro Forma Financial Information, the fair value of the identifiable assets and liabilities (except for properties under development) of the Target Group is assumed to be the same as their carrying amounts. The fair value of properties under development and other assets and liabilities are subject to change upon the completion of (1) the valuation of all identifiable assets and liabilities acquired; and (2) the valuation of fair value of Consideration Shares, Convertible Note and Promissory Note as part of the consideration of the Acquisition.

The directors of the Company have assessed whether there is indication that properties under development may be impaired as at 31 December 2010 on a pro forma basis, in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets" and concluded that there is no impairment indication in respect of the properties under development with an assumed fair value of approximately HK$157,106,000 (Target Group's carrying amount of approximately HK$48,509,000 plus estimated fair value adjustment of approximately HK$108,597,000 (note e(ix)) as shown in the pro forma consolidated statement of financial position of the Enlarged Group, on the basis that the value provided in the Valuation is much higher than such assumed fair value. Upon completion of the Acquisition and in subsequent reporting periods, valuation of the properties under development will be performed for the purpose of determining the fair value or recoverable amount of the properties under development. The valuation method to be applied will be consistent with the Valuation set out in Appendix V to this circular and key assumptions will be similar to those disclosed in the Valuation set out in Appendix V to this circular and adjusted to reflect changes in market conditions.

The directors of the Company have consulted the Company's auditors, who are the reporting accountants for the Acquisition. The auditors advised that based on the information currently available, they would not object to the basis for impairment assessment of the properties under development in their future audit engagement on the Enlarged Group's annual financial statements to be performed in accordance with Hong Kong Standards of Auditing.

(ii) Cash consideration of HK$10,000,000 as stated in the Acquisition Agreement.

(iii) The adjustment to the consideration assumed to be approximately HK$75,012,000, being the net amount of the receivables and payables of the Target Group calculated based on the financial information of the Target Group as at 31 December 2010 and the estimated construction costs to be incurred as follows:

	HK$'000
Net amount of the receivables and payables of the Target Group:	
Cash and cash equivalents	423
Other receivables and prepayments	21,118
Amounts due from related parties	3,471
Other payables and accrued charges	(2,675)
Amounts due to related parties	(81,909)
Estimated construction costs to be incurred	(15,440)
	(75,012)

(iv) The elimination of share capital of the Target Group amounting to approximately HK$397,000 and pre-acquisition reserves of the Target Group as at 31 December 2010 amounting to approximately HK$9,460,000.

(v) The issuance of 155,000,000 Consideration Shares at an issue price of HK$0.20 per share while the fair value of the Consideration Shares is estimated at approximately HK$27,900,000 (HK$0.18 per share by reference to the closing market price as at 30 September 2010) of which approximately HK$15,500,000 is credited to share capital account and approximately HK$12,400,000 is credited to share premium account. The fair value of the Consideration Shares will be re-assessed at the date of completion.

(vi) The issuance of non-interest bearing Convertible Note with principal amount of HK$33,840,000 convertible into 169,200,000 shares of the Company at an initial conversion price of HK$0.20 per conversion share (subject to anti-dilutive adjustments). The fair value of the Convertible Note is assumed by the directors of the Company to be its principal amount for the purpose of preparing the Unaudited Pro Forma Financial Information. In accordance with Hong Kong Accounting Standard 32 "Financial

Instruments: Presentation", Convertible Note issued by the Company contains both the liability and conversion option components. The liability component is recognised as financial liabilities and the residual, being the conversion option, as equity. The liability component is recognised at fair value of approximately HK$23,031,000 which is estimated using the effective interest method at the rate of 8% per annum, estimating at the approximate HKD bank rate of 5% p.a. plus 3% p.a.. The fair value of the Convertible Note will be re-assessed at the date of Completion.

(vii) The recognition of (i) the equity component of the Convertible Note of approximately HK$10,809,000 (the principal amount of the non-interest bearing Convertible Note of HK$33,840,000 - the fair value of the non-interest bearing Convertible Note of HK$23,031,000) as the residual of the principal amount of Convertible Note and its liability component (as stated in note e(vi) above) as if the Convertible Note was issued on 30 September 2010; and (ii) the deferred tax on equity component of the Convertible Note of approximately HK$1,783,000, estimating at the Hong Kong Profits Tax rate of 16.5%.

(viii) The balance of the adjusted consideration payable assumed to be approximately HK$948,000 (i.e. the principal amount of the non-interest bearing Promissory Note of HK$75,960,000 - the adjustment to the Consideration of HK$75,012,000) which will be satisfied by the issuance of non-interest bearing Promissory Note with principal amount of the same. The fair value of the liability is assumed by the directors of the Company to be its present value for the purpose of preparing the Unaudited Pro Forma Financial Information. In accordance with Hong Kong Accounting Standard 32 "Financial Instruments: Presentation", the present value of the liability calculated using effective interest method is recognised as financial liabilities. The present value is recognised at fair value of approximately HK$645,000 which is estimated using the effective interest method at the rate of 8% per annum, estimating at the approximate HKD bank rate of 5% p.a. plus 3% p.a.. The fair value of the liability will be re-assessed at the date of Completion and the date of issuance of Promissory Note.

(ix) The recognition of deferred tax of approximately HK$27,149,000 on the fair value adjustment of approximately HK$108,597,000 attributable to properties under development, estimating at the PRC Enterprise Income Tax rate of 25%.

C. PRO FORMA CONSOLIDATED INCOME STATEMENT

	The Group for the year ended 31 March 2010	The Target Group for the year ended 31 December 2010	Pro forma adjustments			The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note a	*Note b*	*Note d*	*Note e*	*Note f*	
Turnover	34,876	–				34,876
Cost of sales	(27,147)	–				(27,147)
Gross profit	7,729	–				7,729
Other revenue and net income	7,584	7				7,591
Selling and distribution costs	(1,754)	–				(1,754)
Administrative and other operating expenses	(21,905)	(1,045)	(3,000)			(25,950)
Finance costs	(16)	–		(1,842)	(52)	(1,910)
Share of results of associate	1,904	–				1,904
Loss before tax	(6,458)	(1,038)				(12,390)
Income tax	308	223		304		835
Loss for the year	(6,150)	(815)				(11,555)
Loss for the year attributable to:						
Owners of the Company	(6,892)	(815)	(3,000)	(1,538)	(52)	(12,297)
Non-controlling interests	742	–				742
	(6,150)	(815)				(11,555)

Notes:

a. The financial information of the Group is extracted from the audited consolidated financial statements as included in the published annual report of the Company for the year ended 31 March 2010.

b. The financial information of the Target Group is extracted from the financial information of the Target Group as set out in Appendix III to this circular.

c. For the purpose of the unaudited pro forma consolidated income statement of the Enlarged Group, amounts expressed in Renminbi have been translated to Hong Kong dollars at the rate of RMB1: HK$1.136, which is the approximate average exchange rate for the year ended 31 March 2010 adopted by the Group for the purpose of the preparation of its published annual report for the year ended 31 March 2010.

d. The adjustment represents the total estimated expenses in relation to the Acquisition of approximately HK$3 million.

e. The amounts represent (i) the finance costs of approximately HK$1,842,000 based on the effective interest of Convertible Note to be issued as part of the consideration of the Acquisition, assuming the fair value of the liability component of the Convertible Note is approximately HK$23,031,000 and effective interest rate is 8% p.a.; (ii) the reversal of deferred tax liabilities on equity component of the Convertible Note of approximately HK$304,000, estimating at the Hong Kong Profits Tax rate of 16.5%, assuming the Acquisition is completed on 1 April 2009.

f. The amount represents the finance costs of approximately HK$52,000 based on the effective interest of the balance of the consideration of the Acquisition payable, assuming the fair value recognised as financial liability is approximately HK$645,000 and effective interest rate is 8% p.a. and the Acquisition is completed on 1 April 2009.

D. PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	The Group for the year ended 31 March 2010	The Target Group for the year ended 31 December 2010	Pro forma adjustments			The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note a	*Note b*	*Note d*	*Note e*	*Note f*	
Loss for the year	(6,150)	(815)	(3,000)	(1,538)	(52)	(11,555)
Other comprehensive income:						
Exchange difference arising on translation of foreign operations	102	338				440
Total comprehensive income for the year	(6,048)	(477)				(11,115)
Total comprehensive income attributable to:						
Owners of the Company	(6,796)	(477)	(3,000)	(1,538)	(52)	(11,863)
Non-controlling interests	748	–				748
	(6,048)	(477)				(11,115)

Notes:

a. The financial information of the Group is extracted from the audited consolidated financial statements as included in the published annual report of the Company for the year ended 31 March 2010.

b. The financial information of the Target Group is extracted from the financial information of the Target Group as set out in Appendix III to this circular.

c. For the purpose of the unaudited pro forma consolidated statement of comprehensive income of the Enlarged Group, amounts expressed in Renminbi have been translated to Hong Kong dollars at the rate of RMB1: HK$1.136, which is the approximate average exchange rate for the year ended 31 March 2010 adopted by the Group for the purpose of the preparation of its published annual report for the year ended 31 March 2010.

d. The adjustment represents the total estimated expenses in relation to the Acquisition of approximately HK$3 million.

e. The amounts represent (i) the finance costs of approximately HK$1,842,000 based on the effective interest of Convertible Note to be issued as part of the consideration of the Acquisition, assuming the fair value of the liability component of the Convertible Note is approximately HK$23,031,000 and effective interest rate is 8% p.a.; (ii) the reversal of deferred tax liabilities on equity component of the Convertible Note of approximately HK$304,000, estimating at the Hong Kong Profits Tax rate of 16.5%, assuming the Acquisition is completed on 1 April 2009.

f. The amount represents the finance costs of approximately HK$52,000 based on the effective interest of the balance of the consideration of the Acquisition payable, assuming the fair value recognised as financial liability is approximately HK$645,000 and effective interest rate is 8% p.a. and the Acquisition is completed on 1 April 2009.

E. PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group for the year ended 31 March 2010	The Target Group for the year ended 31 December 2010	Pro forma adjustments				The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note a	*Note b*	*Note d*	*Note e*	*Note f*	*Note g*	
Cash flows from operating activities							
Loss before tax	(6,458)	(1,038)	(3,000)	(1,842)	(52)		(12,390)
Adjustment for:							
Interest income	(9)	(2)					(11)
Finance costs	16	–		1,842	52		1,910
Depreciation and amortisation	327	12					339
Share of results of associate	(1,904)	–					(1,904)
Loss on disposal of property, plant and equipment	1	–					1
Reversal of impairment loss on trade and other receivables	(2,390)	–					(2,390)
Impairment loss on trade and other receivables	828	–					828
Write-down of inventories	900	–					900
Operating loss before movements in working capital	(8,689)	(1,028)					(12,717)
Increase in inventories	(6,977)	–					(6,977)
Increase in properties under development	–	(1,598)					(1,598)
Increase in trade and other receivables	(5,405)	(2)					(5,407)
Increase in trade and other payables	4,196	11					4,207
Increase/(decrease) in amounts due to directors/related parties	2,155	1,049					3,204
Cash used in operations	(14,720)	(1,568)					(19,288)
Tax paid	(112)	–					(112)
Net cash used in operating activities	(14,832)	(1,568)					(19,400)
Cash flows from investing activities							
Interest received on bank deposits	9	2					11
Purchase of property, plant and equipment	(1,187)	–					(1,187)
Acquisition of subsidiaries						(10,000)	(10,000)
Net cash used in investing activities	(1,178)	2					(11,176)

	The Group for the year ended 31 March 2010	The Target Group for the year ended 31 December 2010	Pro forma adjustments				The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note a	*Note b*	*Note d*	*Note e*	*Note f*	*Note g*	
Cash flows from financing activities							
Repayment of loans	(235)	–					(235)
Proceeds from issue of ordinary shares	20,149	388					20,537
Interest and other finance expenses paid	(16)	–					(16)
Net cash generated from financing activities	19,898	388					20,286
Net increase in cash and cash equivalents	3,888	(1,178)					(10,290)
Cash and cash equivalents at beginning of the year	3,030	1,255					4,285
Effect of foreign exchange rate changes	12	346					358
Cash and cash equivalents at end of the year	6,930	423					(5,647)
Analysis of cash and cash equivalents:							
Cash and bank deposits	6,930	423					(5,647)

Notes:

a. The financial information of the Group is extracted from the audited consolidated financial statements as included in the published annual report of the Company for the year ended 31 March 2010.

b. The financial information of the Target Group is extracted from the financial information of the Target Group as set out in Appendix III to this circular.

c. For the purpose of the unaudited pro forma consolidated statement of cash flows of the Enlarged Group, amounts of cash flows expressed in Renminbi have been translated to Hong Kong dollars at the rate of RMB1: HK$1.136, which is the approximate average exchange rate for the year ended 31 March 2010 adopted by the Group for the purpose of the preparation of its published annual report for the year ended 31 March 2010, and amounts of cash and cash equivalents expressed in Renminbi have been translated to Hong Kong dollars at the rate of RMB1: HK$1.16, which is the approximate exchange rate as at 31 March 2010 adopted by the Group for the purpose of the preparation of its published annual report for the year ended 31 March 2010.

d. The adjustment represents the total estimated expenses in relation to the Acquisition of approximately HK$3 million.

e. The amount represents the finance costs of approximately HK$1,842,000 based on the effective interest of Convertible Note to be issued as part of the consideration of the Acquisition, assuming the fair value of the liability component of the Convertible Note is approximately HK$23,031,000 and effective interest rate is 8% p.a., assuming the Acquisition is completed on 1 April 2009.

f. The amount represents the finance costs of approximately HK$52,000 based on the effective interest of the balance of the consideration of the Acquisition payable, assuming the fair value recognised as financial liability is approximately HK$645,000 and effective interest rate is 8% p.a. and the Acquisition is completed on 1 April 2009.

g. The adjustment represents the cash consideration of HK$10,000,000 for the Acquisition.

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American Appraisal

8 April 2011

The Directors
Great World Company Holdings Ltd
Suites 1803-1804 on 18th Floor,
Chinachem Tower,
Nos. 34-37 Connaught Road Central,
Central,
Hong Kong

Dear Sirs,

In accordance with your instructions from Great World Company Holdings Ltd (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") to value the property interests of Leshan Great China International Enterprises Limited (樂山大中華國際實業有限公司) in the People's Republic of China (the "PRC") and a leased property held by the Group in Hong Kong, we confirm that we have carried out inspection for the property interests, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interests as at 31 January 2011 (the "date of valuation").

This letter that forms part of our valuation report explains the basis and methodology of valuations and clarifies our assumptions made on the ownerships to the property interests and the limiting conditions.

BASIS OF VALUATION

Our valuation is our opinion of the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value. The value of a property is also estimated without regard to costs of sales and purchase, and without offset for any associated taxes.

VALUATION METHODOLOGY

The property interests under Group I, which is held for development and to be acquired by the Group, was valued by direct comparison method where comparison based on prices realized on actual sales or market price information of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property interests in order to arrive at a fair comparison. We have also taken into account the incurred construction costs and the costs that will be incurred to complete the development to reflect the quality of the completed development.

For the property interests under Group II, which are rented and occupied by the Group in Hong Kong, they are considered to have no commercial value, either because of their non-assignability in the market or because there are prohibitions against subletting and/or assignment contained in the respective leases and/or tenancy agreements or the lack of substantial profit rent.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title or lease of the property interests located in the PRC and Hong Kong. We have caused searches to be made at the appropriate Land Registry in Hong Kong only. However, we have not scrutinized the original documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us. We have relied to a considerable extent on the information provided by the Group and the PRC legal opinion provided by the PRC legal adviser, Jinding Law Office of Sichuan Province, on the PRC Law regarding title to the property interests located in the PRC.

All legal documents disclosed in this letter and valuation certificates are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the property interests set out in this letter and valuation certificates.

ASSUMPTIONS

Our valuation has been made on the assumption that the owners sell the property interests on the market in its existing state without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the property interests.

We have assumed that the owner of the property interests has free and uninterrupted rights to use, lease, sell or mortgage the property interests for the whole of the unexpired term of its respective land use rights. Unless stated as otherwise, vacant possession is assumed for the property interests concerned.

We have also assumed that the property interests are freely disposable and transferable in the market to both local and overseas purchasers for the whole of the respective unexpired terms as granted without any fees or charge incurred unless otherwise stated.

We have assumed that all consents, approvals and licences from relevant government authorities for the buildings and structures erected or to be erected thereon have been granted. Also, we have assumed that unless otherwise stated, all buildings and structures erected on the site are held by the owners or permitted to be occupied by the owner.

We have valued property interests on the assumption that it is developed in accordance with the development proposals or building plans given to us. We have assumed that all consents, approvals and licences from relevant government authorities for the buildings and structures erected or to be erected thereon have been granted. Also, we have assumed that unless otherwise stated, all buildings and structures erected on the site are held by the owner or permitted to be occupied by the owner.

We have assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless non-conformity has been stated, defined and considered in the valuation certificates. Further, we have assumed that the utilization of the land and improvements is within the boundaries of the property interests described and that no encroachment or trespass exists unless noted in the valuation certificates.

LIMITING CONDITIONS

We have relied to a considerable extent on the information provided by the Group and have accepted advice given to us by the Group on such matters as statutory notices, easements, tenure, occupancy, construction costs, site areas and floor areas and all other relevant matters. Dimensions and areas included in the valuation certificates are based on information contained in the documents provided to us and are only approximations.

We have no reason to doubt the truth and accuracy of the information as provided to us by the Group. We were also advised by the Group that no material facts have been omitted from the information so supplied. We consider we have been provided with sufficient information to reach an informed view.

We have inspected the exterior and, where possible, the interior of the properties included in the attached valuation certificates. However, no structural survey has been made and we are therefore unable to report as to whether the properties are or are not free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have not carried out investigations on site to determine the suitability of ground conditions and services for the proposed development, nor have we undertaken archaeological, ecological or environmental surveys. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during construction period.

REMARKS

In valuing the property interests, we have complied with all the requirements contained in Paragraph 34(2), (3) of Schedule 3 of the Companies Ordinance (Cap. 32), Chapter 8 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited, the International Valuation Standards (8th Edition 2007) published by the International Valuation Standards Council and the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Chartered Surveyors.

We hereby certify that we have neither present nor a prospective interest in the property interest or the value reported.

We enclose herewith the summary of valuation and the valuation certificates.

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB) and Hong Kong Dollars (HKD) respectively.

Yours faithfully,
For and on behalf of
AMERICAN APPRAISAL CHINA LIMITED

Eric M. H. Poon
MRICS, MHKIS
Assistant Vice President

Note: Mr. Eric Poon, who is a Chartered Valuation Surveyor, has over 10 years experience in valuation of properties in Hong Kong, the PRC and the overseas.

SUMMARY OF VALUATION

Group I – Property held for development in the PRC

No.	Property	Capital Value in existing state as at 31 January 2011 *(RMB)*
1.	A development site located at No.130 Renmin South Road, Zhongxincheng District, Leshan City, Sichuan Province, The PRC 中國四川省樂山市中心城區人民南路130號之在建工程項目	132,000,000
	Sub-total:	**132,000,000**

Group II – Property rented and occupied by the Group in Hong Kong

No.	Property	Capital Value in existing state as at 31 January 2011 *(RMB)*
2.	Suites 1803-4, 18th Floor, Chinachem Tower, Nos. 34-37 Connaught Road Central, Central, Hong Kong	No Commercial Value
	Sub-total:	**No Commercial Value**
	Grand-total:	**132,000,000**

VALUATION CERTIFICATES

Group I – Property held for development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 January 2011 *(RMB)*
1.	A development site located at No.130 Renmin South Road, Zhongxincheng District, Leshan City, Sichuan Province, The PRC 中國四川省樂山市中心城區人民南路130號之在建工程項目	The property comprises a residential and commercial development site with a site area of approximately 3,111.96 square metres. As advised by the Company, the proposed development has a gross floor area of approximately 27,544.14 square metres (inclusive of a basement floor) which is expected to be completed by the end of 2011. **Usage** / **GFA (sq.m.)** Residential 19,795.92 Commercial 5,939.94 Basement Car park 1,703.98 Ancillary facilities 104.30 **Total:** 27,544.14 The land use rights of the property have been granted for a term expiring on 3 January 2054.	The property was under construction as at the date of valuation.	132,000,000

Notes:

1. Pursuant to a State-owned Land Use Certificate (國有土地使用證), Le Cheng Guo Yong (2004) Di No. 27573 (樂城國用(2004)第27573號), issued by Leshan City Municipal People's Government (樂山市人民政府) dated 10 January 2004, the land use rights of the property with a site area of 3,111.96 square metres have been granted to Leshan Great China International Enterprises Limited (樂山大中華國際實業有限公司) ("Leshan Great China") for residential and commercial uses for a term to be expired on 3 January 2054.

2. Pursuant to a Construction Land Use Planning Permit (建設用地規劃許可證), Chuan Le Gui Jian 2006018 (川樂規建2006018), issued by Leshan City Planning and Construction Bureau (樂山市規劃和建設局) dated 11 April 2006, the project with a site area of 3,111.96 square metres complies with city planning requirements.

3. Pursuant to two Construction Works Planning Permits (建設工程規劃許可證), Chuan Le Gui Jian 2006091 and 2007046 (川樂規建2006091和2007046), issued by Leshan City Planning and Construction Bureau (樂山市規劃和建設局) dated 27 September 2006 and 28 May 2007 respectively, the construction works of the property with a total development scale of 27,156.62 square metres was approved.

4. Pursuant to a Construction Works Commencement Permit (建築工程施工許可證), No. 511102200701080101 issued by Leshan City Planning and Construction Bureau (樂山市規劃和建設局) dated 9 January 2007, the commencement of the construction works of the property with a development scale of 24,747 square metres has been permitted.

5. Pursuant to a Letter of Plot Ratio Increment regarding "Leshan Venezia Building" (關於「樂山威尼斯大廈」增加容積率的函), Le Jian Han [2007] No. 95 (樂建函[2007]95號), issued by Leshan City Planning and Construction Bureau (樂山市規劃和建設局) dated 21 May 2007, the existing plot ratio of the property has increased to 8.02 representing an additional gross floor area of 2,409.47 square metres exceeding the original permissible plot ratio of 7.25 and Leshan Great China has been recommended to settle the additional land premium to the relevant local authority and re-sign the relevant land use rights grant contract.

6. Pursuant to a Charge Notice (收費通知), issued by State-owned Land Resources Bureau (國土資源局) dated 18 March 2011, the land premium of the increment of gross floor area of 2,409.47 square metres of the property is RMB1,065,900, and was paid on 30 March 2011.

7. As advised by the Company, apart from the increase of plot ratio to 8.02 stated in the Note 5 above, the plot ratio of the development proposal provided to us has been further increased to 8.29. Taking into account the land premium payable as stated in Note 6 above and assuming the relevant PRC authorities will charge the same rate of land premium for each additional square metres of gross floor area to bring the plot ratio from 8.02 up to 8.29, the Company estimated the additional land premium would be approximately RMB171,431. In the event such additional land premium (together with penalties, if any) is not paid on or before the completion date of the transaction between Golden Strategy Limited (the "Purchaser", a wholly-owned subsidiary of the Company) and Mr. Huang Shih Tsai (the "Vendor", a businessman in the PRC, a third party independent of and not connected to the Company and any of the connected person(s) of the Company), the Vendor undertook to indemnify the Purchaser all such amount payable as at completion date by way of adjustment to the consideration or otherwise at the sole discretion of the Purchaser. In the course of valuation, we have assumed this additional land premium and all related cost have been fully settled with the relevant authorities.

8. As per the latest development proposal provided by the Company, the proposed gross floor area of the property is approximately 27,544.14 square metres with a plot ratio of about 8.29. In the course of our valuation, we have assumed that the proposed development is in compliance with local planning regulations and has been approved by relevant government authorities with no additional land premium and related cost apart from the additional land premium stated in Note 7 and there is no height restriction. The estimated capital value of the development assuming completion as at the date of valuation is about RMB198,000,000.

9. As advised by the Company, the proposed development is expected to be completed by the end of 2011 and the total construction cost should be approximately RMB60,900,000, while the incurred construction cost as at the date of valuation was about RMB41,500,000.

10. The PRC legal opinion states, inter alias, that:

    a. Leshan Great China legally possesses the land use rights and construction-in-progress erected on the land of the property.

    b. Although Leshan Great China has breached a condition of the State-owned Land Use Rights Grant Contract by increasing its plot ratio limit, which is subject to a payment of land premium, it is a debt to the State-owned Land Resources Bureau and will not affect the ownership of the land use rights and construction-in-progress of the property held by Leshan Great China.

    c. Leshan Great China's right to occupy, use, transfer, lease and mortgage the property will not be affected, provided that it has settled the aforesaid additional land premium of the property in accordance with the letter issued by Leshan City Planning and Construction Bureau (樂山市規劃和建設局) as mentioned in Note 5 above. On 30 March 2011, Leshan Great China settled the land premium of RMB1,065,900 with State-owned Land Resources Bureau of Leshan City regarding the additional gross floor area of 2,409.47 square metres.

d. According to Building Ordinance (建築法) of the PRC Law, developers are permitted to commence their construction works upon receiving the relevant Construction Land Use Planning Permit, Construction Works Planning Permit and Construction Works Commencement Permit. In consequence, Leshan Great China, who has obtained the said relevant permits, has complied with the relevant compulsory requirements regarding construction works under the PRC Law to carry out construction works over the property. There should be no legal impediments for Leshan Great China to obtain the relevant Building Ownership Certificate after the construction-in-progress has been certified to be completed.

e. Leshan Great China has already applied to Leshan City Planning and Construction Bureau (樂山市規劃和建設局) to complete planning procedures of all construction works. As the issue of plot ratio increment of the property regarding the additional gross floor area of 2,409.47 square metres, it has been approved by the Bureau according to the latest Construction Works Planning Permit mentioned in Note 3 above.

f. In addition, according to the regulations under the "Notification Letter of Construction Land Plot Ratio Increment Management and Supervision Check" (關於加強建設用地容積率管理和監督檢查的通知), Jiang Gui [2008] No. 227 (建規[2008]227號), all further increment of plot ratio adjustments should be reported to the relevant authority and the relevant additional land premium should be settled. As such, if Leshan Great China confirms that the plot ratio has increased to 8.29 and there is an additional gross floor area of approximately 387.52 square metres, Leshan Great China should proceed with the relevant procedures, apply for the Construction Works Planning Permit for the additional gross floor area of 387.52 square metres, settle the additional land premium and there will be no other material impediment. If the additional land premium is calculated based on the rate of land premium already settled, i.e. RMB1,065,900 for an additional 2,409.47 square metres of gross floor area, Leshan Great China has to pay the additional land premium of approximately RMB171,431 for such additional increment of 387.52 square metres of gross floor area.

g. The property has complied with the relevant requirements for obtaining the relevant Commodity Residential Units Pre-sale Permit. There should be no legal impediments for Leshan Great China to apply for the relevant pre-sale permit from the relevant authority through the normal legal procedures after Leshan Great China has fully settled the additional land premium as mentioned in Note 7 above.

h. There will no legal impediment to lease out the property after Leshan Great China has obtained the relevant Building Ownership Certificate and the Company has acquired the shares in Leshan Great China.

VALUATION CERTIFICATE

Group II – Property rented and occupied by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 January 2011 *(RMB)*
2.	Suites 1803-4, 18th Floor, Chinachem Tower, Nos. 34-37 Connaught Road Central, Central, Hong Kong Marine Lot Nos. 378, 379 & 380 (the "Lots")	The property comprises two office units on 18th Floor of Chinachem Tower, which is a 25-storey commercial and retail building completed in about 1973. The property was leased to the Company for a term of 2 years commencing on 16 February 2010 at a monthly rent of HK$51,012 exclusive of management fee & air-conditioning charges (about HK$5,886 per month) and government rates for office use. The Lots are held under a Government lease for a term of 999 years commencing on 16 October 1900. The annual aggregated Government rent payable for the Lots is HK$122.	As per the date of our inspection, the property was occupied by the Group for office use.	No Commercial Value

Notes:

1. The registered owner of the property is King Honor Investment Limited vide Assignment Memorial No. UB5856534 dated 1 November 1993.

2. Pursuant to a tenancy agreement entered into between King Honor Investment Limited (the "Landlord") and Great World Company Holdings Ltd (the "Tenant" or the "Company") dated 18 March 2010, the property with a gross floor area of 1,962 square feet was leased to the Company for a term of 2 years commencing on 16 February 2010 at a monthly rent of HK$51,012 exclusive of management fee & air-conditioning charges (about HK$5,886 per month) and government rates for office use.

3. The property is subject to a mortgage in favour of ABN AMRO Bank N.V. vide Mortgage Memorial No. UB8411732 dated 6 June 2001.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 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.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and following the Completion were and are expected to be as follows:

Authorised:		*HK$*
2,000,000,000	Shares	200,000,000
Issued and fully paid:		*HK$*
972,628,000	Shares as at the Latest Practicable Date	97,262,800
155,000,000	Consideration Shares (to be issued and allotted upon Completion)	15,500,000
169,200,000	Conversion Shares (to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Note (which would be issued and allotted upon Completion) at the initial conversion price)	16,920,000
Total (for illustrative purposes)		
1,296,828,000	Shares (upon completion of full conversion of the Convertible Note and the issue of the Consideration Shares)	129,682,800

All of the Shares in issue and to be issued will rank pari passu in all respects with each other, including, in particular, as to dividends, voting rights and return of capital. The Shares, the Consideration Shares and the Conversion Shares in issue and to be issued are or will be listed on the Stock Exchange. Shareholders should note that the actual number of Consideration Shares or Conversion Shares to be issued may be different to that set out above depending on whether there will be adjustments. Further details on the adjustment mechanism are set out in the section headed "The Acquisition Agreement (as supplemented by the supplemental agreement) – Adjustment of the Consideration" in the "Letter from the Board".

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or chief executives of the Company were taken or deemed to have under such provisions of the SFO), required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long position in Shares and underlying shares of the Company

	Number of Shares and underlying shares					
Name of Director	Personal interest	Family interest	Corporate interest	Other interest	Total number of Shares and underlying shares	Approximate percentage of the issued share capital of the Company
Ms. Ng Mui King, Joky	450,667 *(Note 1)*	–	337,920,000 *(Note 2)*	–	338,370,667	34.79%
Mr. Wong Kai Tat	11,506,667 *(Note 3)*	–	–	–	11,506,667	1.18%
Ms. Hui Sin Man, Alice	450,667 *(Note 4)*	–	–	–	450,667	0.046%

Notes:

1. Ms. Ng Mui King, Joky held 450,667 share options (which are unlisted and physically settled equity derivatives) at the exercise price of HK$0.23925 per Share.

2. These Shares are held by Gold City Assets Holdings Ltd. which is owned as to 51% by Ms. Ng Mui King, Joky and as to 49% by Fine Day Asset Holdings Inc.. Ms. Yang Cheng is 100% beneficial owner of Fine Day Asset Holdings Inc..

3. The 11,506,667 Shares include (i) 7,000,000 Shares for the personal interest of Mr. Wong Kai Tat and (ii) 4,506,667 share options (which are unlisted and physically settled equity derivatives) at the exercise price of HK$0.23925 per Share.

4. Ms. Hui Sin Man, Alice held 450,667 share options (which are unlisted and physically settled equity derivatives) at the exercise price of HK$0.23925 per Share.

5. According to the Company's announcement dated 17 September 2010, the exercise price of the outstanding share options and the number of Shares falling to be issued under the outstanding share options were adjusted after completion of rights issue.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors of listed companies and which were required to be entered into the register required to be kept under section 352 of the SFO.

(b) Interests of substantial Shareholders and other Shareholders

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Directors and the chief executives of the Company, no persons (other than a Director or a chief executive of the Company) has an interest or short position in the Shares and underlying Shares of the Company which will be fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to section 3 and 4 of the SFO, or, who is directly or indirectly, interested in 5 per cent (5%) or more of the nominal value of any class of share capital carrying rights to vote in all circumstance at general meetings of any members of the Enlarged Group.

Long positions in the Shares

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of the issued share capital of the Company
Gold City Assets Holdings Ltd. *(Note 1)*	Beneficial owner	337,920,000	34.74%
Fine Day Asset Holdings Inc. *(Note 1)*	Interest of a controlled corporation	337,920,000	34.74%
Mr. Tong Wang Chow *(Note 2)*	Beneficial owner	77,904,000	8.01%
Mr. Huang Shih Tsai *(Note 3)*	Beneficial owner	324,200,000	33.33%

Note 1: Pursuant to the SFO, Fine Day Asset Holdings Inc. is deemed interested in this shareholding interest through Gold City Assets Holdings Ltd., which 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 of the Company and is also a director of Gold City Assets Holdings Ltd.. Ms. Yang Cheng is 100% beneficial owner of Fine Day Asset Holdings Inc..

Note 2: Mr. Tong Wang Chow is the elder brother of Mr. Tong Wang Shun, an executive Director.

Note 3: Pursuant to the SFO, Mr. Huang Shih Tsai is interested in the 155,000,000 Consideration Shares and the 169,200,000 Conversion Shares which may be issued upon Completion.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Enlarged Group which does not expire or is not terminable by such member of the Enlarged Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors, the controlling Shareholder nor any of their respective associates was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group or any conflict of interest which any such person has or may have with the Group other than those businesses to which the Directors and their respective associates were appointed to represent the interests of the Company and/or the Group.

6. INTERESTS IN ASSETS OF THE ENLARGED GROUP

As at the Latest Practicable Date, none of the Directors has any interest, direct or indirect, in any assets which have been acquired or disposed of by, or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by, or leased to any member of the Enlarged Group since 31 March 2010, the date to which the latest published audited consolidated financial statements of the Group was made up.

7. LITIGATION

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

8. MATERIAL CONTRACTS

Within the two years immediately preceding the Latest Practicable Date, the following agreements, being contracts not entered into in the ordinary course of business, have been entered into by members of the Enlarged Group and are or may be material:

(a) the Acquisition Agreement and the supplemental agreement dated 2 March 2011;

(b) an acquisition agreement dated 3 November 2010 entered into between China Score International Holdings Limited ("China Score"), a wholly-owned subsidiary of the Company, and 王富家先生 (Mr. Wong Fu Ka*) in relation to the acquisition of the remaining 49% of the entire equity interest in 鳳山縣黔興礦業有限責任公司 (Feng Shan Xian Qian Xing Mining Industry Company Limited*) ("Feng Shan") at a cash consideration of RMB2.8 million (equivalent to approximately HK$3.18 million (translated at the rate of RMB1:HK$1.136)) and the parties agreed to waive the profit guarantee of Feng Shan of at least RMB10 million for the two years ending 31 December 2010 and 31 December 2011 and transfer the shareholder's loan upon completion of acquisition of Feng Shan;

(c) the underwriting agreement dated 6 July 2010 and entered into between the Company and Gold City Assets Holdings Ltd. in relation to the rights issue of 486,314,000 rights shares of the Company at the subscription price of HK$0.10 per rights shares;

(d) an agreement dated 26 January 2010 entered into between China Score and 王富家先生 (Mr. Wong Fu Ka*) in relation to, inter alia, revised the terms of the agreement dated 15 October 2008 and deferral of the profit guarantee of Feng Shan of at least RMB10 million for the two years ending 31 December 2009 and 31 December 2010 to the two years ending 31 December 2010 and 31 December 2011; and

(e) a placing agreement and a subscription agreement dated 27 July 2009 with the placing agent, Sun Hung Kai International Limited, on a best effort basis to place up to 80,000,000 placing shares at a price of HK$0.265 per placing share to the placees.

9. INTERESTS OF DIRECTORS OR EXPERTS ACQUIRED OR DISPOSED OF BY OR LEASED TO ANY MEMBER OF THE ENLARGED GROUP

Since 31 March 2010, being the date to which the latest published audited financial statements of the Company were made up until the Latest Practicable Date, no Director or expert had any direct or indirect interests in any assets which had been or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

10. CONTRACTS OR ARRANGEMENTS WHICH DIRECTORS ARE MATERIALLY INTERESTED AND ARE SIGNIFICANTLY IN RELATION TO THE BUSINESS OF THE ENLARGED GROUP

As at the Latest Practicable Date, there were no contracts or arrangements subsisting in which a Director was materially interested and which was significant in relation to the business of the Enlarged Group.

11. EXPERTS AND CONSENTS

(a) The following are the qualification of the experts who have been named in this circular or have given opinions or letters contained in this circular:

Name	Qualification
American Appraisal China Limited ("American Appraisal")	Property valuer
Lo & Lo CPA Limited ("Lo & Lo")	Certified Public Accountants
Jinding Law Office of Sichuan Province ("Jinding")	PRC legal advisers

(b) American Appraisal, Lo & Lo and Jinding have given and have not withdrawn their written consents dated 8 April 2011 to the issue of this circular with the inclusion of their report and the reference to their names in the form and context in which they respectively appear.

(c) As at the Latest Practicable Date, none of American Appraisal, Lo & Lo nor Jinding have any direct or indirect interest in any assets which have been, since 31 March 2010 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to, any member of the Enlarged Group.

(d) As at the Latest Practicable Date, none of American Appraisal, Lo & Lo nor Jinding have any shareholding in any member of the Enlarged Group, nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

13. CORPORATE INFORMATION

Principal place of business in Hong Kong	Rooms 1803-04 18/F, Chinachem Tower 34-37 Connaught Road Central Hong Kong
Registered office	Ugland House P.O. Box 309 South Church Street George Town, Grand Cayman Cayman Islands British West Indies
Company secretary and compliance officer	Mr. Wong Kai Tat, C. A. (Aust.), HKICPA

14. AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in accordance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee include the re-appointment of the external auditors and review of their audit fee; discussing with the external auditors before the audit commences, the nature and scope of the audit; review of quarterly results with the auditors and management, review of accounting policies adopted by the Group and to supervise the financial reporting process and internal control systems of the Group. The audit committee comprises three independent non-executive directors, namely Mr. Chung Koon Yan (chairman of the audit committee), Ms. Hui Sin Man, Alice and Mr. Chan Ying Cheong. Biographical information of three independent non-executive Directors are set out as follows:

Mr. CHUNG Koon Yan ("Mr. Chung"), aged 47, joined the Group as independent non-executive director in May 2008. He is a practicing member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and an associate member of The Institute of Chartered Accountants in England and Wales. He graduated from the Hong Kong Polytechnic University with a master's degree in Professional Accounting. Mr. Chung is a director of Chiu, Choy & Chung CPA Ltd. and has more than 18 years' experience in accounting, auditing and taxation. Currently, he is an independent non-executive director of China Financial Leasing Group Limited, Shenzhen High-Tech Holdings Limited and Trasy Gold Ex Limited, all of which are listed on the Stock Exchange. Mr. Chung is the chairman of the audit committee.

Ms. HUI Sin Man, Alice ("Ms. Hui"), aged 48, was appointed as an independent non-executive director of the Company since 30 September 2004. Ms. Hui has over 15 years of experience in handling administration and company secretarial matters.

Mr. CHAN Ying Cheong ("Mr. Chan"), aged 49, joined the Group as independent non-executive director on 30 September 2010. Mr. Chan has approximately 25 years of experience in banking industry. He did not hold any directorships in the last three years in public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong during normal business hours on any weekdays other than public holidays from the date of this circular up to and including the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the interim report of the Company for each of the six months ended 30 September 2010 and 30 September 2009; and the annual reports of the Company for each of the financial years ended 31 March 2010, 31 March 2009 and 31 March 2008;

(c) the accountants' reports on the Target Group as set out in Appendix III to this circular;

(d) the report on unaudited pro forma financial information on the Enlarged Group as set out in Appendix IV to this circular;

(e) the valuation report on the Enlarged Group prepared by American Appraisal, the text of which is set out in Appendix V to this circular;

(f) the written consents as referred to in the paragraph headed "Experts and Consents" in this appendix;

(g) copies of the material contracts as referred to in the paragraph headed "Material Contracts" in this appendix;

(h) a copy of the PRC legal opinion issued by Jinding dated 8 April 2011; and

(i) a copy of the discloseable and connected transaction circular of the Company dated 24 November 2010.

16. GENERAL

The English texts of this circular shall prevail over Chinese texts.

* *for identification purposes only*

世大控股有限公司
GREAT WORLD COMPANY HOLDINGS LTD

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8003)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Great World Company Holdings Ltd will be held at Rooms 1803–04, 18/F, Chinachem Tower, 34–37 Connaught Road Central, Hong Kong on Wednesday, 27 April 2011 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution, with or without amendments, as an ordinary resolution:–

ORDINARY RESOLUTION

"**THAT**

(i) the transactions contemplated under the conditional agreement dated 25 February 2011 (and as amended by a supplemental agreement dated 2 March 2011) (the "**Acquisition Agreement**", a copy of which has been produced to the meeting and signed by the chairman of the meeting for identification) entered into between Golden Strategy Limited (the "**Purchaser**"), a wholly-owned subsidiary of Great World Company Holdings Ltd (the "**Company**"), and Mr. Huang Shih Tsai (the "**Vendor**") in relation to the acquisition by the Purchaser of 100% equity interest in Linkful Wise Group Holdings Limited be and are hereby approved;

(ii) the issue and allotment of 155,000,000 new ordinary shares (the "**Consideration Shares**") of HK$0.10 each in the share capital of the Company at the issue price of HK$0.20 per Consideration Share in accordance with the terms and conditions in the Acquisition Agreement be and are hereby approved;

(iii) the issue by the Company pursuant to the Acquisition Agreement of convertible redeemable note with an aggregate principal amount up to HK$33,840,000 (the "**Convertible Note**") entitling the holder(s) thereof to convert the principal amount thereof into ordinary shares of HK$0.10 each in the share capital of the Company (the "**Conversion Shares**") at an initial conversion price of HK$0.20 per Conversion Share (subject to adjustment) and the issue and allotment of the Conversion Shares upon an exercise of the conversion rights attaching to the Convertible Note be and are hereby approved; and

(iv) the directors of the Company (the "**Directors**") be and are hereby authorised to do all such things and exercise all powers which they consider necessary, desirable or expedient in connection with the issue and allotment of the Consideration Shares, the issue of the Convertible Note, the issue and allotment of the Conversion Shares and otherwise in connection with the implementation of the transactions contemplated under the Acquisition Agreement including without limitation to the execution, amendment, supplement, delivery, waiver, submission and implementation of any further documents or agreements."

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

Hong Kong, 8 April 2011

Principal place of business:
Rooms 1803-04, 18/F
Chinachem Tower
34-37 Connaught Road Central
Hong Kong

Notes:

1. A form of proxy to be used for the meeting is enclosed.

2. Any member of the Company entitled to attend and vote at the meeting of the Company shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting (or at any one class meeting).

3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same.

4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the Hong Kong branch share registrar and transfer office of the Company, Hong Kong Registrars Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the meeting at which the person named in the instrument proposes to vote. Delivery of any instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

5. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.