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Great Harvest Maeta Group Holdings Limited

榮 豐 聯 合 控 股 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3683)

**CONNECTED AND DISCLOSEABLE TRANSACTION
ISSUE OF CONVERTIBLE BONDS**

SUBSCRIPTION OF CONVERTIBLE BONDS

On 5 July 2013, the Company entered into the Subscription Agreement with Ablaze Rich pursuant to which the Company has conditionally agreed to issue, and Ablaze Rich has conditionally agreed to subscribe for, the Convertible Bonds with an aggregate principal amount of US\$8,000,000 (comprising the First Convertible Bonds in the principal amount of US\$3,000,000 and the Second Convertible Bonds in the principal amount of US\$5,000,000), which may be converted into 52,702,702 Conversion Shares at the Conversion Price of HK\$1.184 per Conversion Share (subject to adjustment).

Following the Completion, assuming the conversion of the Convertible Bonds in full and based on the assumptions set out in the table under the paragraph headed “Changes in shareholding structure of the Company” below, Ablaze Rich will become interested in up to 669,025,202 Shares, representing about 80.61% of the issued share capital of the Company as at the date of this announcement, and about 75.79% of the enlarged issued share capital of the Company after the allotment and issue of the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Bonds in full. Pursuant to the Subscription Agreement, Ablaze Rich will only convert the Convertible Bonds in a manner that will not cause the Company to be in breach of the Public Float Requirement.

As the issue of the Convertible Bonds is subject to the fulfillment of certain conditions precedent and may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the Shares.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Subscription are more than 5% but less than 25%, the Subscription constitutes a discloseable transaction under Rule 14.06 of the Listing Rules. The Subscription involves the issue of securities convertible into new Shares and is subject to approval by the Shareholders under Chapter 13 of the Listing Rules. Besides, as Ablaze Rich is a controlling Shareholder of the Company and its entire issued share capital is owned as to 51% by Mr. Yan and 49% by Ms. Lam, who are executive Directors of the Company, the Subscription constitutes a connected transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Accordingly, the Company will convene the EGM to seek the approval of the Independent Shareholders on the Subscription, the Subscription Agreement and the transactions contemplated thereby (including but not limited to the issue of the Convertible Bonds and the Conversion Shares to be allotted and issued pursuant to the exercise of the Convertible Bonds). Ablaze Rich, Mr. Yan, Ms. Lam and their respective associates, and any other connected persons of the Company who are materially interested in the Subscription, are required to abstain from voting on the resolutions to be proposed at the EGM for approving the Subscription, the Subscription Agreement and the transactions contemplated thereby.

GENERAL INFORMATION

A circular containing, among other matters, further details of the Subscription and the transactions contemplated under the Subscription Agreement, the recommendation of the Independent Board Committee to the Independent Shareholders, the advice from the Independent Financial Advisers to the Independent Board Committee and the Independent Shareholders, and a notice convening the EGM, will be despatched to the Shareholders on or before 23 July 2013.

On 5 July 2013, the Company entered into the Subscription Agreement with Ablaze Rich pursuant to which the Company has conditionally agreed to issue, and Ablaze Rich has conditionally agreed to subscribe for, the Convertible Bonds with an aggregate principal amount of US\$8,000,000 (comprising the First Convertible Bonds in the principal amount of US\$3,000,000 and the Second Convertible Bonds in the principal amount of US\$5,000,000), which may be converted into 52,702,702 Conversion Shares at the Conversion Price of HK\$1.184 per Conversion Share (subject to adjustment).

Details of the Subscription Agreement are set out below.

THE SUBSCRIPTION AGREEMENT

Date:

5 July 2013

Parties:

- (1) The Company, being the issuer of the Convertible Bonds
- (2) Ablaze Rich, being the subscriber of the Convertible Bonds

The Subscription

Pursuant to the Subscription Agreement, the Company has conditionally agreed to issue, and Ablaze Rich has conditionally agreed to subscribe for, the First Convertible Bonds and the Second Convertible Bonds with an aggregate principal amount of US\$8,000,000 in cash for a total consideration of US\$8,000,000, of which US\$3,000,000 and US\$5,000,000 shall be payable by Ablaze Rich to the Company upon the First Completion and the Second Completion respectively.

The terms of the Convertible Bonds have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer	:	The Company
Aggregate principal amount	:	US\$8,000,000 comprising the First Convertible Bonds with the principal amount of US\$3,000,000 and the Second Convertible Bonds with the principal amount of US\$5,000,000
Conversion Price	:	The Conversion Price is HK\$1.184 per Share, which is subject to adjustments for, among other matters, consolidation, reduction or sub-division of Shares, capitalisation of profits or reserves, rights issue, or issue of convertible securities, warrants or options carrying the right to subscribe for Shares, but no adjustment shall be made for, among other matters, (a) the issue of any Convertible Bonds pursuant to the Subscription Agreement; (b) the issue and allotment of any Conversion Shares upon the exercise of the conversion rights attached to the Convertible Bonds; (c) the grant of any options or the issue and allotment of any Shares pursuant to the exercise of any options granted under the share option scheme of the Company; and (d) the issue and allotment of Shares to members of the public for the Company's fund raising purposes.

The Conversion Price represents:

- (i) a discount of about 0.50% to the closing price of HK\$1.19 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of about 0.17% to the average closing price of HK\$1.186 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Date; and
- (iii) the average closing price of HK\$1.184 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Date.

The Conversion Price has been determined after arm's length negotiations between the Company and Ablaze Rich with reference to the then prevailing market price of the Shares.

- Interest : The First Convertible Bonds shall carry interest at the rate of 4% per annum from the date of issue, calculated on a 360-day year basis, payable in arrears upon maturity, conversion or early redemption (as the case may be) of the First Convertible Bonds.
- The Second Convertible Bonds shall carry interest at the rate of 4% per annum from the date of issue, calculated on a 360-day year basis, payable in arrears upon maturity, conversion or early redemption (as the case may be) of the Second Convertible Bonds.
- Transferability of Convertible Bonds : Subject to the prior written consent of the Company, the Convertible Bonds may be transferred or assigned in whole or in part by the Bondholder(s) to any person or company, provided that where such transfer is made to a connected person of the Company, such transfer shall be subject to compliance of the requirements (if any) of the Stock Exchange.
- Maturity date (“the Maturity Date”) : Five years from the date of issue of the First Convertible Bonds
- Conversion rights : The Bondholder may convert the whole or part (in multiples of US\$100,000) of the principal amount of the First Convertible Bonds into Conversion Shares at the Conversion Price for the period commencing from the date of issue of the First Convertible Bonds up to the Maturity Date.
- The Bondholder may convert the whole or part (in multiples of US\$100,000) of the principal amount of the Second Convertible Bonds into Conversion Shares at the Conversion Price for the period commencing from the date of issue of the Second Convertible Bonds up to the Maturity Date.
- The Bondholder(s) shall have the right to convert the Convertible Bonds, in whole or in part, at any time at the Conversion Price set out above, provided that no conversion of the Convertible Bonds shall be made if immediately upon such conversion, the Company will fail to comply with the public float requirement (the “**Public Float Requirement**”) of the Shares under Rule 8.08 of the Listing Rules.
- Conversion Shares : 52,702,702 Conversion Shares will be issuable by the Company upon exercise of the conversion rights attached to the Convertible Bonds in full at the initial Conversion Price of HK\$1.184.

The 52,702,702 Conversion Shares represent about 6.35% of the existing issued share capital of the Company as at the date of this announcement.

Based on the assumptions set out in the table under the paragraph headed “Changes in shareholding structure of the Company” below, the 52,702,702 Conversion Shares represent about 5.97% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

Transferability of Conversion Shares	:	For a period of 12 months from the First Completion Date, the relevant allottee(s) of such Conversion Shares may not sell or transfer any such Conversion Shares without the prior written consent of the Company.
Early redemption	:	Upon occurrence of an event of default set out in the conditions of the Convertible Bonds, including, among others, insufficient number of authorised but unissued Shares of the Company is available for the fulfillment of the obligations regarding the conversion of the Convertible Bonds, a breach of the provisions of the Convertible Bonds, and dissolution or winding up of the Company, Bondholder(s) may give written notice to the Company that the Convertible Bonds are immediately due and repayable. Upon any such notice being given to the Company, the outstanding principal amount of the Convertible Bonds and the interest accrued thereon will become due and repayable on the seventh business day after the date of such notice.
Ranking of the Convertible Bonds	:	The Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and rank pari passu and rateably without preference among themselves, and shall, unless otherwise required under the applicable laws, rank at least pari passu with the other present and future unsecured and unsubordinated obligations of the Company.
Ranking of the Conversion Shares	:	The Conversion Shares, when allotted and issued, shall rank equally in all respects with the Shares in issue on the date of allotment and issue of the Conversion Shares including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue.
Voting	:	The Convertible Bonds do not confer any voting rights at any meetings of the Company.
Public float	:	The Company, at all times, shall use its reasonable endeavours to ensure that the Public Float Requirement is complied with. It is a term of the Convertible Bonds that the Bondholder shall not exercise any of the conversion rights attaching to the Convertible Bonds if, following such exercise, the Public Float Requirement cannot be maintained.

Mandate to issue the Convertible Bonds

The issue of the Convertible Bonds will be made pursuant to the specific mandate to be sought at the EGM.

Listing of the Conversion Shares

No application will be made by the Company for the listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

Conditions Precedent

Completion of the Subscription is subject to the following conditions having been fulfilled:

- (1) the Listing Committee granting the listing of, and the permission to deal in, the Conversion Shares; and
- (2) the passing of the resolution(s) by the Shareholders at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds.

In the event that the above conditions are not fulfilled on or before 31 December 2013 (or such other date as the parties to the Subscription Agreement may agree in writing), the Subscription Agreement shall cease and determine.

As the Subscription is subject to the fulfillment of certain conditions precedent and may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the Shares.

Completion

First Completion shall take place at 12:00 noon (Hong Kong time) on the First Completion Date. On the First Completion Date, Ablaze Rich shall pay to the Company the principal amount of US\$3,000,000 for the First Convertible Bonds.

Pursuant to the terms and conditions of the Subscription Agreement, the Company may, at any time within one year after the First Completion Date, issue the Second Completion Notice to Ablaze Rich for the purpose of the Second Completion. Subject to the issue of the Second Completion Notice by the Company to Ablaze Rich, Second Completion shall take place at 12:00 noon (Hong Kong time) on the Second Completion Date, when Ablaze Rich shall pay to the Company the principal amount of US\$5,000,000 for the Second Convertible Bonds.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Conversion Shares upon the exercise of conversion rights attaching to the Convertible Bonds in full, and assuming that there being no other change to the share capital and shareholding structure of the Company from the date of this announcement. Pursuant to the Subscription Agreement, Ablaze Rich will only convert the Convertible Bonds in a manner that will not cause the Company to be in breach of the Public Float Requirement. Shareholders should take note that the analysis under scenario (ii) is shown for illustration purpose only.

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds in full (Note 2)	
	Number of Shares	%	Number of Shares	%
Ablaze Rich, Mr. Yan and Ms. Lam (Note 1)	616,322,500	74.26	669,025,202	75.79
Public Shareholders	<u>213,677,500</u>	<u>25.74</u>	<u>213,677,500</u>	<u>24.21</u>
Total (Note 3)	<u><u>830,000,000</u></u>	<u><u>100.00</u></u>	<u><u>882,702,702</u></u>	<u><u>100.00</u></u>

Notes:

1. The entire issued share capital of Ablaze Rich is owned as to 51% by Mr. Yan and 49% by Ms. Lam, both being also directors of Ablaze Rich. Mr. Yan and Ms. Lam are deemed to be interested in all the Shares in which Ablaze Rich is interested by virtue of the Securities and Futures Ordinance (Chapter 571 of The Laws of Hong Kong). The shareholding interests of Ablaze Rich, Mr. Yan and Ms. Lam in the Company as presented in the table above is based on the assumption that each of Ablaze Rich, Mr. Yan and Ms. Lam will not dispose of nor acquire any Shares during the relevant period.
2. Assuming (i) the Conversion Price is not adjusted as a result of any dilutive event and (ii) there is no redemption of the Convertible Bonds pursuant to the terms and conditions of the Convertible Bonds.
3. Assuming that there will not be any changes in the issued share capital of the Company save for the allotment and issue of the Conversion Shares during the relevant period.

REASONS FOR AND BENEFITS OF ISSUE OF THE CONVERTIBLE BONDS

The Group is principally engaged in chartering out of dry bulk vessels. The principal activity of both the Company and Ablaze Rich is investment holding.

The Group's liquidity requirements are satisfied by a combination of cash flow generated from working capital arising from operating activities and bank loans. In the management of the liquidity risk, the Group maintains sufficient cash inflows from its operations so as to finance its working capital. The Subscription is effected to raise additional funds for the Company with a view to strengthen the Company's cash flow position and, where appropriate, to provide flexibility to the Company to manage its liquidity and financing needs in relation to any potential acquisition of vessel by the Group should any suitable opportunity arise. The Board has also considered various means available to raise funds in the capital market or obtaining loans and other general banking facilities from the banks and financial institutions but is of the view that the issue of the Convertible Bonds is an appropriate means of raising additional funds for the Company, since (i) it will not have an immediate dilution effect on the shareholding of the existing Shareholders; (ii) the interest rate payable on the Convertible Bonds is fair and reasonable as compared with the prevailing interest rates generally offered by banks and financial institutions for similar loan facilities; and (iii) if the conversion rights attached to the Convertible Bonds are exercised, the financial position of the Group will be strengthened with the conversion of debt into further equity capital.

The Second Completion will only take place upon issue of the Second Completion Notice by the Company pursuant to the terms and conditions of the Subscription Agreement. The Directors consider that the completion arrangement in respect of the Second Convertible Bonds provides flexibility to the Company and can save the interests expenses to be incurred by the Company.

The net proceeds from the issue of the Convertible Bonds, after deducting professional fees and all related expenses, are estimated to be approximately HK\$61.8 million. The Company currently intends to use the estimated net proceeds for general working capital of the Group and, where appropriate, to apply part of the net proceeds for any potential acquisition of vessel should any suitable opportunity arise.

The Directors (excluding the independent non-executive Directors who will express their view after considering the advice of the Independent Financial Advisers) is of the view that the respective terms of the Subscription Agreement and the Convertible Bonds are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Subscription are more than 5% but less than 25%, the Subscription constitutes a discloseable transaction under Rule 14.06 of the Listing Rules. The Subscription involves the issue of securities convertible into new Shares and is subject to approval by the Shareholders under Chapter 13 of the Listing Rules. Besides, as Ablaze Rich is a controlling Shareholder of the Company and its entire issued share capital is owned as to 51% by Mr. Yan and 49% by Ms. Lam, who are executive Directors of the Company, the Subscription constitutes a connected transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Accordingly, the Company will convene the EGM to seek the approval of the Independent Shareholders on the Subscription, the Subscription Agreement and the transactions contemplated under the Subscription Agreement, including, amongst other things, the issue of the Convertible Bonds and the Conversion Shares to be allotted and issued pursuant to the exercise of the Convertible Bonds. By virtue of their interest in the Subscription Agreement, Ablaze Rich, Mr. Yan, Ms. Lam and their respective associates, and any other connected persons of the Company who are materially interested in the Subscription, are required to abstain from voting on the resolution to be proposed at the EGM to approve the Subscription and the transactions contemplated under the Subscription Agreement.

The Board has established the Independent Board Committee comprising all the independent non-executive Directors to advise the Independent Shareholders in connection with the Subscription, the Subscription Agreement and the transactions contemplated thereby, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Advisers.

GENERAL INFORMATION

A circular containing, among other matters, further details of the Subscription and the transactions contemplated under the Subscription Agreement, the recommendation of the Independent Board Committee to the Independent Shareholders, the advice from the Independent Financial Advisers to the Independent Board Committee and the Independent Shareholders, and a notice convening the EGM, will be despatched to the Shareholders on or before 23 July 2013.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Group has not conducted any equity fund raising activities in the past 12 months from the date of this announcement.

DEFINITIONS

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

“Ablaze Rich”	Ablaze Rich Investments Limited (耀豐投資有限公司), a company incorporated in the British Virgin Islands on 1 July 2008 and the holding company of the Company
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	the holder(s) of the Convertible Bonds
“business day”	any day, other than a Saturday or Sunday, on which banks in Hong Kong generally provide their banking services
“Company”	Great Harvest Maeta Group Holdings Limited (榮豐聯合控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the First Completion and, where appropriate, the Second Completion
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Convertible Bonds”	the First Convertible Bonds and, where appropriate, the Second Convertible Bonds
“Conversion Price”	the initial conversion price of HK\$1.184 per Conversion Share, which is subject to adjustment pursuant to the terms and conditions of the Convertible Bonds
“Conversion Share(s)”	the Share(s) to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Subscription, the Subscription Agreement and the transactions contemplated thereby
“First Completion”	the completion of the issue and subscription of the First Convertible Bonds in accordance with the terms and conditions of the Subscription Agreement
“First Completion Date”	the date of First Completion, being the 15th business day after fulfillment or waiver of all conditions precedent for the Completion, or such other business day as may be agreed between the Company and Ablaze Rich in writing

“First Convertible Bonds”	the first tranche of convertible bonds in the principal amount of US\$3,000,000 to be issued by the Company for subscription by Ablaze Rich pursuant to the terms and conditions of the Subscription Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of Hong Kong
“Independent Board Committee”	the committee of the Board to be established for the purpose of advising the Independent Shareholders on the Subscription, the Subscription Agreement and the transactions contemplated thereby, the members of which include all the independent non-executive Directors, namely Mr. Cheung Kwan Hung, Mr. Chan Chung Bun, Bunny and Mr. Wai Kwok Hung
“Independent Financial Advisers”	the independent financial advisers to the Independent Board Committee and the Independent Shareholders to be appointed by the Company in connection with the Subscription, the Subscription Agreement and the transactions contemplated thereby
“Independent Shareholders”	Shareholders other than Ablaze Rich, Mr. Yan, Ms. Lam and their respective associates and any other connected persons who have material interests in the Subscription, the Subscription Agreement and the transactions contemplated thereby
“Last Trading Date”	4 July 2013, being the last trading date for the Shares before the date of this announcement
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Yan”	Mr. Yan Kim Po, the chairman of the Board, an executive Director and the husband of Ms. Lam
“Ms. Lam”	Ms. Lam Kwan, the chief executive officer of the Company, an executive Director and the wife of Mr. Yan
“Second Completion”	the completion of the issue and subscription of the Second Convertible Bonds in accordance with the terms and conditions of the Subscription Agreement
“Second Completion Date”	the date of Second Completion, being the date as specified in the Second Completion Notice

“Second Completion Notice”	written notice to be issued by the Company to Ablaze Rich in relation to the Second Completion Date pursuant to the terms and conditions of the Subscription Agreement, provided that (i) such written notice must be issued within one year from the First Completion Date and not less than five business days before the Second Completion Date as specified in the written notice, and (ii) the Second Completion Date must be a business day
“Second Convertible Bonds”	the second tranche of convertible bonds in the principal amount of US\$5,000,000 to be issued by the Company for subscription by Ablaze Rich pursuant to the terms and conditions of the Subscription Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Convertible Bonds by Ablaze Rich pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the agreement dated 5 July 2013 and entered into between the Company and Ablaze Rich in respect of the Subscription
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States Dollars, the lawful currency of the United States of America
“%”	per cent.

For and on behalf of the Board
Great Harvest Maeta Group Holdings Limited
Yan Kim Po
Chairman

Hong Kong, 5 July 2013

As at the date of this announcement, the executive Directors are Mr. Yan Kim Po, Ms. Lam Kwan and Mr. Cao Jiancheng; and the independent non-executive Directors are Mr. Cheung Kwan Hung, Mr. Chan Chung Bun, Bunny and Mr. Wai Kwok Hung.