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Such documents should not however be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred only part of your holding of Ordinary Shares, you should retain these documents and contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

Copies of this document are available to the public, free of charge, at the offices of TLT LLP, 20 Gresham Street, London EC2V 7JE, during normal business hours on any weekday (Saturdays, Sundays and UK public holidays excepted) from the date of this document for a period of one month. This document is not an offer of securities, or the solicitation of an offer to acquire securities, in any jurisdiction. This document is not a prospectus or equivalent document. The information about the Open Offer and the Placings in this document is provided solely for the information of Shareholders in connection with the Special General Meeting (the **SGM**) and not to any other person or for any other purpose.

The Placing Shares and New Shares referred to in this document have not been and will not be registered under the US Securities Act of 1933, as amended (the **US Securities Act**) and may not be offered, sold or transferred in the United States except pursuant to an exemption from, or in a transaction not subject to, the requirements of the US Securities Act. The new Ordinary Shares may not be offered, sold or transferred, directly or indirectly, in or into Australia, Canada, Japan, New Zealand, South Africa or Switzerland, or any province or territory thereof, or any other jurisdiction in which it would be unlawful to do so.

#### **Applicable to Hong Kong**

**The contents of this document and its enclosures, if any, have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Open Offer and the Placing. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. This document and its enclosures, if any, may not be copied, transferred, distributed to any person in Hong Kong other than the addressee. If you have received this document or any copy or any part thereof in Hong Kong, by any reason whatsoever, and you are not the intended addressee, you must immediately return the document or any copy or any part thereof to TLT LLP, 20 Gresham Street, London EC2V 7JE, United Kingdom or otherwise dispose of the document in a secure manner.**

Hong Kong restrictions require that the Shares to be issued pursuant to the Open Offer and the Placing are not offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance.

Hong Kong restrictions require that no person has issued or had in its possession for the purposes of issue, and no person will issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

The whole of this document (in particular the section headed "Risk Factors" set out in pages 26 to 28 of this document) should be read together with the documents incorporated by reference in their entirety and, in particular, your attention is drawn to the letter from the Chairman of Worldsec Limited. This document should be read in conjunction with the accompanying Form of Proxy and the definitions set out on pages 17 to 20 of this document.

The Company and each of the Directors, whose names appear on page 5 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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# **Worldsec Limited**

*(Incorporated and registered in Bermuda under registration number EC21466)*

## **Open Offer,**

## **Placings of new Ordinary Shares, adoption of new Investment Policy and proposed Related Party Transaction**

## **Notice of Special General Meeting to vote amongst others, on a related party transaction**

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The SGM to consider the Resolutions will be held at 10.00 a.m. on 30 August 2013 at Smith & Williamson, 25 Moorgate, London EC2R 6AY. The notice convening the SGM is set out on page 21 of this document. The action to be taken in respect of the SGM is set out in Part II of this document. Whether or not you plan to attend the SGM, please complete the enclosed Form of Proxy and return it in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by post or during normal business hours by hand to the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event not later than 10.00 a.m. on 28 August 2013. The completion and return of a Form of Proxy will not preclude a Shareholder from attending and voting at the SGM. If you hold Depositary Interests in CREST, you may instruct Capita IRG Trustees Limited through CREST to vote at the SGM (CREST participant ID RA10), so that it is received by no later than 10.00 a.m. on 27 August 2013.

If you have any questions relating to this document, and the completion and return of the Application Form, please telephone Capita Registrars between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday (except UK public holidays) on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the proposals nor give any financial, legal or tax advice.

Smith & Williamson Corporate Finance Limited (**Smith & Williamson**), which is a member of the London Stock Exchange and is authorised and regulated in the United Kingdom by the Financial Conduct Authority, has agreed to act as sponsor to the Company in connection with the First Placing and Open Offer. Persons receiving this document should note that, in connection with the First Placing and Open Offer, Smith & Williamson is acting exclusively for the Company and no one else. Apart from the responsibilities and liabilities, if any, which may be imposed on Smith & Williamson by FSMA, Smith & Williamson will not be responsible to anyone other than the Company for providing the protections afforded to customers of Smith & Williamson or for advising any other person on the transactions and arrangements described in this document. No representation or warranty, express or implied, is made by Smith & Williamson as to any of the contents of this document for which the Company and the Directors are solely responsible. Smith & Williamson has not authorised the contents of, or any part of, this document and (without limiting the statutory rights of any person to whom this document is issued) no liability whatsoever is accepted by Smith & Williamson for the accuracy of any information or opinions contained in this document or for the omission of any material information, for which the Company and the Directors are solely responsible. Smith & Williamson has consented to the inclusion of its name in this document in the form and context in which it appears.

**Date: 2 August 2013**

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

*Date 2013*

Record Date for entitlement under the Open Offer	close of business on Thursday, 1 August
Announcement of the First Placing and the Open Offer, publication and posting of Registration Document, Summary and Securities Note, Circular, Forms of Direction and Forms of Proxy	Friday, 2 August
Despatch of Certificated Application Forms to Qualifying Certificated Shareholders (other than, subject to certain exceptions, Excluded Territory Shareholders) <sup>(1)</sup>	Friday, 2 August
Ex-Entitlement date for the Open Offer	8.00 a.m. on Monday, 5 August
Open Offer Entitlements credited to CREST stock accounts of Qualifying CREST Shareholders (other than, subject to certain exceptions, Excluded Territory Shareholders) <sup>(1)</sup>	8.00 a.m. on Monday, 5 August
Recommended latest time for requesting withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on Wednesday, 21 August
Latest time for depositing Open Offer Entitlements into CREST	3.00 p.m. on Thursday, 22 August
Latest time and date for splitting Certificated Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on Friday, 23 August
Latest time for receipt of Forms of Direction and voting through the CREST Proxy Voting Service for Depositary Interest holders	10.00 a.m. on Tuesday, 27 August
Latest time for receipt of Forms of Proxy	10.00 a.m. on Wednesday, 28 August
Latest time for receipt of completed Certificated Application Forms and payment in full under the Open Offer or settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on Wednesday, 28 August
Special General Meeting	10.00 a.m. on Friday, 30 August
Results of First Placing and the Open Offer announced through a Regulatory Information Service	Post SGM on Friday, 30 August
Admission and commencement of dealings in First Placing Shares and New Shares, fully paid, on the London Stock Exchange	8.00 a.m. on Thursday, 5 September
Depositary Interests in respect of New Shares expected to be credited to accounts in CREST as soon as practicable after	8.00 a.m. on Thursday, 5 September
Expected date of despatch of definitive share certificates for the First Placing Shares and New Shares in certificated form	8.00 a.m. on Wednesday, 11 September

### Notes

- (1) The Open Offer is subject to certain restrictions relating to Shareholders with registered addresses, or who are resident, outside the UK. See Part II of this document.
- (2) Each of the times and dates set out in the above timetable of principal events, and mentioned elsewhere in this document may be adjusted by the Company with the agreement of Smith & Williamson, in which event details of the new times and dates will be notified to the FCA, the London Stock Exchange and, where appropriate, Qualifying Shareholders and Placees.
- (3) All references to times in this timetable are to London times unless otherwise stated.
- (4) If you have any questions relating to this document, and the completion and return of the Application Form, please telephone Capita Registrars between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday (except UK public holidays) on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the Shareholder Helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The Shareholder Helpline cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

## PLACING AND OPEN OFFER STATISTICS

Number of Ordinary Shares in issue at the date of this document	13,367,290
Number of First Placing Shares to be issued by the Company under the First Placing <sup>(1)</sup>	30,000,000
Placing price	US\$0.10 per First Placing Share
Gross proceeds of the First Placing <sup>(1)</sup>	US\$3.0 million
Number of New Shares to be issued under the Open Offer	13,367,290
Basis of Open Offer	1 New Share for every 1 existing Ordinary Share held on the Record Date
Price per New Share	US\$0.10 per New Share
Gross proceeds of the Open Offer	US\$1.3 million
Aggregate number of First Placing Shares and New Shares to be issued under the First Placing and Open Offer <sup>(1)</sup>	43,367,290
Aggregate gross proceeds of the First Placing and the Open Offer <sup>(1)</sup>	US\$4.3 million
Estimated net proceeds receivable by the Company after expenses <sup>(2)</sup>	US\$3.8 million
First Placing Shares and New Shares as a percentage of enlarged issued share capital of the Company immediately following completion of the First Placing and Open Offer <sup>(1)</sup>	76.44%
Number of Ordinary Shares in issue immediately following completion of the First Placing and the Open Offer <sup>(3)</sup>	56,734,580
In the event of further Placings of up to a total of an additional 50,000,000 Placing Shares subsequent to the First Placing and the Open Offer, those Placing Shares as a percentage of enlarged issued share capital of the Company immediately following completion of such further Placings <sup>(4)</sup>	up to 46.85%
Enlarged issued share capital of the Company upon completion of any further Placings of up to a total of an additional 50,000,000 Placing Shares <sup>(4)</sup>	up to 106,734,580

*Notes:*

- (1) Assuming full subscription under the First Placing. First Placing Shares are to be issued contemporaneously with the issue of the New Shares and will be issued at a price of 10 cents per Share.
- (2) Fees and expenses in respect of the First Placing and Open Offer are expected to be approximately US\$0.5 million
- (3) Assuming that no Ordinary Shares, other than the First Placing Shares and New Shares, are issued between the date of this document and completion of the First Placing and Open Offer
- (4) Assuming that no Ordinary Shares, other than the New Shares and Placing Shares, are issued between the date of this document and completion of such further Placings. Placing Shares which may be issued after Admission will be issued at a price to be determined by reference to the mid market price at the time of agreeing the placing of the Placing Shares, which issue price shall not be at a discount greater than 10 per cent. of that mid market price.

## PART I

### LETTER FROM THE CHAIRMAN OF WORLDSEC



*(Incorporated and registered in Bermuda with registered number EC21466)*

#### *Directors*

Alastair Gunn-Forbes  
Henry Ying Chew Cheong  
Ernest Chiu Shun She  
Mark Chung Fong  
Martyn Stuart Wells

#### *Registered office*

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

2 August 2013

Dear Shareholder

#### **Proposed issue of new Ordinary Shares by way of Placing and Open Offer, amendments to the Company's Investment Policy and Proposed Related Party Transaction – Notice of Special General Meeting (SGM)**

#### **1. Background**

Worldsec Limited (the **Company**) today announces that it intends to conditionally place under the First Placing up to 30,000,000 First Placing Shares at a price of 10 cents per Share thereby raising gross proceeds of US\$3.0 million, assuming full subscription.

The Directors recognise the importance of pre-emption rights to Shareholders and consequently the Company is providing all Qualifying Shareholders other than, subject to certain exceptions, Excluded Territory Shareholders with the opportunity to subscribe, also at 10 cents per Share, for an aggregate of 13,367,290 New Shares on the basis of:

#### **1 New Share for every 1 existing Ordinary Share**

held at the Record Date. Therefore the Company will seek the approval of Shareholders to the Resolutions at the SGM to facilitate the Placings and Open Offer. Shareholders are being asked under Resolution 3 to authorise the Directors to issue up to 93,367,290 Ordinary Shares and under Resolution 8 to disapply any and all applicable pre-emption rights under the Bye-Laws of the Company in respect of such allotment to facilitate the Placings and Open Offer. These authorities will permit the Company to retain the right to issue up to 50,000,000 new Placing Shares at any time within a period of 12 months from the date of the Registration Document or, if earlier, the date of the next annual general meeting of the Company in 2014 by way of one or more further Placings.

The Directors consider it may be necessary to issue new Placing Shares at a discount in future greater than 10 per cent. of the last published net asset value of the Ordinary Shares where necessary as consideration for an investment. As such the Directors are seeking the authority of Shareholders pursuant to Resolution 7 to allot Ordinary Shares at a price per share which is less than the prevailing net asset value per Ordinary Share. However, Placing Shares will be issued at a price to be determined by reference to the middle market price at the time of agreeing the placing of the Placing Shares (**Middle Market Price**). The Company is not seeking at the SGM the approval of the Shareholders for the issue of Placing Shares at a discount greater than 10 per cent. of that Middle Market Price and no Ordinary Share will be issued at a price at less than its nominal par value.

Additionally, in accordance with the Company's new Investment Policy, which is proposed to be adopted at the SGM, and its constitution, the Company may issue up to 50,000,000 Placing Shares otherwise than for cash, as all or part consideration on the acquisition of shares in investee companies for a value equivalent to the price per Placing Share as described above.

A notice of SGM accompanies this Circular. At the SGM, Shareholders will be asked to vote on eight Resolutions:

- Resolution 1 seeks the approval of Shareholders to confirm, ratify and acknowledge that the ordinary resolution passed by the Company at the special general meeting held on 23 July 2003 did not have the effect of reducing the then authorised share capital of the Company.
- Resolution 2 seeks authority for the Directors to increase the authorised share capital of the Company.
- Resolution 3 seeks authority for the Directors to allot up to 93,367,290 Ordinary Shares.
- Resolution 4 seeks the approval of Shareholders in accordance with the Listing Rules to the adoption of the Company's new Investment Policy.
- Resolution 5 seeks the approval of Shareholders in accordance with Chapter 11 of the Listing Rules to the proposed related party transaction with Henry Ying Chew Cheong being his possible participation in the First Placing to a maximum of 6,242,925 First Placing Shares in his personal capacity.
- Resolution 6 seeks the consent of Shareholders to the bonus scheme summarised in paragraph 10 below.
- Resolution 7 seeks approval for the Directors in accordance with the Listing Rules to issue Shares at a price below net asset value.
- Resolution 8 seeks the approval of the Shareholders to the disapplication of any and all applicable pre-emption rights under the constitution of the Company.

The New Shares and the Placing Shares will rank equally with the existing Ordinary Shares in issue *pari passu* for all purposes including dividends, interest and on a winding up of the Company.

Securities issued by companies incorporated in Bermuda, such as the Company, cannot be held or transferred in the CREST system. However, to enable investors to settle such securities through the CREST system, a depositary or custodian can hold the relevant securities and issue dematerialised Depositary Interests representing the underlying securities which are held on trust for the holders of the Depositary Interests.

The Company has appointed Capita IRG Trustees as its depositary, which will issue Depositary Interests in respect of the underlying Ordinary Shares. The Depositary Interests will be independent securities constituted under English law which may be held and transferred through the CREST system.

## **2. Reasons for the Placings and Open Offer**

The Company is listed under Chapter 15 of the Listing Rules as a closed ended investment company. The Company aims to make investments in unlisted companies mainly in Greater China and the South East Asia region. The Company will seek investments in companies it believes will either generate positive cash flows within two to three years or which will be suitable for listing in their own right within that period. In appropriate circumstances the Company will seek board representation on investee company boards.

The proceeds from the First Placing and Open Offer will enable the Company to raise investment capital to pursue this objective and service the Group's working capital requirements thereafter. The proceeds of the First Placing and Open Offer will be invested in accordance with the Company's published Investment Policy.

The Company is also seeking approval from Shareholders under Resolutions 3 and 8 to retain the right to issue up to 50,000,000 Placing Shares (in addition to up to 30,000,000 First Placing Shares to be issued contemporaneously with the New Shares to be issued under the Open Offer) at any time and on such number of occasions as the Directors deem necessary within the period of 12 months from the date of the Registration Document or, if earlier, the date of the next annual general meeting of the Company in 2014. This means that where the Directors deem it appropriate the Company may issue new Placing Shares as all or part consideration on the acquisition of shares in investee companies.

This will provide the Company with an alternative to using cash and debt to fund its acquisitions. The Directors also believe that this will allow the Company to build a diverse portfolio of investments without relying on the ability to raise further cash through debt or equity issue.

Where any further Placing Shares are to be issued by the Company within the period of 12 months from the date of the Registration Document, the Company will publish a Future Summary and Securities Note in respect of such issue.

The Minimum Subscription under the First Placing is US\$2,500,000. The Directors consider that the cash proceeds of the Open Offer and the Minimum Subscription under the First Placing will provide the Company with a suitable level of cash to enable it to make its initial investments.

In accordance with the Investment Policy, if adopted at the SGM, any further Placing Shares issued after Admission will be issued at a price to be determined by reference to the Middle Market Price and shall not be less than 90 per cent. of that Middle Market Price.

On the allotment of further Placing Shares in consideration for the acquisition of shares in investee companies, the number of consideration Placing Shares to be issued shall be calculated by reference to that Middle Market Price.

Under the Listing Rules, the Company is unable to issue Shares at a price per Share less than the net asset value per Share unless authorised to do so by the Shareholders. Accordingly the Company now seeks this authority under Resolution 7 as set out in the notice of SGM.

There has been no significant change in the financial or trading position of the Group since 31 December 2012, being the date of the Group's audited annual consolidated financial statements for the year ended 31 December 2012.

In the event that Shareholders approve Resolutions 1, 2, 3, 4, 6, 7 and 8 without amendment and the Company proceeds with the Open Offer, the First Placing and any subsequent Placing, Shareholders will be subject to the risks set out in the section of this document entitled "Risk Factors".

In the event that Shareholders do not approve any of Resolutions 1, 2, 3, 4, 6, 7 or 8, the Open Offer and First Placing will not proceed and the Company will not make any investments. In that circumstance the Board will consider whether it is appropriate for the Company to maintain its listing on the London Stock Exchange. In the event the Company de-lists Shareholders will not be able to realise their investment in the Company.

### **3. Details of the Open Offer**

The Record Date for entitlement under the Open Offer is the close of business on 1 August 2013 and the Ex-Entitlement date of the Open Offer is 5 August 2013. The latest time and date for receipt of completed application forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is 11.00 a.m. on 28 August 2013.

The Open Offer is conditional upon:

- 3.1 the Minimum Subscription of US\$2,500,000 being achieved under the First Placing;
- 3.2 the Placing & Underwriting Agreement becoming unconditional in all respects save for the condition relating to Admission and not having been terminated in accordance with its terms;
- 3.3 Admission becoming effective by not later than 8.00 a.m. on 22 August 2013 (or such later time and date as may be agreed pursuant to the Placing & Underwriting Agreement); and
- 3.4 the passing by the Shareholders, without amendment, of Resolutions 1, 2, 3, 4, 6, 7 and 8 at the SGM.

The Placing & Underwriting Agreement is conditional upon the above and that agreement not being breached prior to Admission. The Placing & Underwriting Agreement may be terminated by Smith & Williamson and the Company upon the occurrence of certain specified events, in which case the First Placing and Open Offer will not proceed. The Placing & Underwriting Agreement is not capable of termination (including in respect of any statutory withdrawal rights) from the date of Admission. A summary of certain terms and



conditions of the Placing & Underwriting Agreement is set out in paragraph 8.1 below and paragraph 10.1(i) of Part V “Additional Information” of the Registration Document.

#### **4. Underwriting of the Open Offer**

Henry Ying Chew Cheong has agreed to underwrite the Open Offer at the Open Offer Price to the extent of 6,242,925 Ordinary Shares in his personal capacity.

Henry Ying Chew Cheong will not be paid any fee for his underwriting of the Open Offer.

#### **5. Details of the First Placing**

Placees will be procured, in accordance with the terms of the Placing and Underwriting Agreement, by the Company only. Placees will subscribe under the First Placing for the First Placing Shares at a price of 10 cents per First Placing Share. The First Placing is subject to the same conditions as the Open Offer, as set out in paragraph 3 above. The First Placing comprises up to 30,000,000 First Placing Shares, representing 224.43 per cent. of Worldsec’s existing issued share capital, and will, if fully subscribed, therefore raise gross proceeds of US\$3.0 million. The First Placing Shares under the First Placing will represent 52.88 per cent. of the Company’s issued Ordinary Shares immediately following completion of the First Placing and Open Offer, assuming full subscription under the First Placing.

The Registration Document is valid for a period of up to 12 months following its publication. As described in paragraph 1 above the Company will seek the approval of Shareholders for the authorities to retain the right to issue up to 50,000,000 additional Placing Shares at any time within a period of 12 months from the date of the Registration Document, or if earlier, the date of the next annual general meeting of the Company in 2014 by way of one or more further Placings.

Copies of this Circular will be available to the public free of charge from the offices of TLT LLP, 20 Gresham Street, London EC2V 7JE, during normal business hours on any weekday (Saturdays, Sundays and UK public holidays excepted) until the close of the First Placing and Open Offer.

#### **6. New Investment Policy**

The current Investment Policy of the Company is to invest in cash. Currently this cash is invested in the Company’s bank account.

The Directors now propose that this be amended in order that the Company may pursue its new investment strategy, which will constitute a material change for the purpose of Listing Rule 15.4.8. Accordingly the approval of Shareholders to this change will be sought at the SGM under Resolution 4.

A copy of the proposed new Investment Policy is appended to this Circular. As set out in the Investment Policy, the Company will invest in at least five different investee companies with no one investment representing more than 20 per cent. of the gross assets of the Group in order to achieve a sufficient level of diversification. It is the Directors’ intention to invest in at least two suitable investments within the first 12 months with the balance in the following 12 months. Until such investments are made, the Company’s assets will comprise cash which will be invested in a number of financial instruments or dividend paying securities as set out in the Investment Policy.

Adoption of the new Investment Policy is subject to a number of risks as set out in the section of this document entitled “Risk Factors”.

#### **7. Related Party Transaction**

Henry Ying Chew Cheong, being a Director, a substantial Shareholder and a person exercising significant influence over the Company, constitutes a related party under Listing Rule 11.1.

Henry Ying Chew Cheong holds 25 per cent. of the issued share capital of Grand Acumen Holdings Limited and the entire issued share capital of HC Investment Holdings Limited. HC Investment Holdings Limited and Grand Acumen Holdings Limited constitute associates of Henry Ying Chew Cheong for the purposes of



Listing Rule 11.1. Both Grand Acumen Holdings Limited and HC Investment Holdings Limited hold Shares with details of their holdings disclosed in paragraph 11 below.

Henry Ying Chew Cheong may subscribe for up to 6,242,925 First Placing Shares pursuant to the First Placing in his personal capacity (depending upon the outcome of the Open Offer).

The possible issue of First Placing Shares to Henry Ying Chew Cheong pursuant to the First Placing constitutes a related party transaction for the purposes of Listing Rule 11 between the Company and a related party (**Related Party Transaction**).

Shareholder approval is required under Resolution 5 for this Related Party Transaction in advance of its completion by the Shareholders other than that related party, unless certain exemptions apply. Since none of the exemptions are applicable in relation to the Related Party Transaction, the proposed participation of Henry Ying Chew Cheong in the First Placing is subject to the passing of Resolution 5, which will be proposed as an ordinary resolution and will require the approval of more than 50 per cent. of the votes cast in respect of it by independent shareholders of the Company.

Henry Ying Chew Cheong will not, and has undertaken all reasonable steps to ensure that his associates will not, vote on Resolution 5 at the SGM and Henry Ying Chew Cheong has not taken part in the Board's consideration of this Related Party Transaction.

The Board considers that the Related Party Transaction is in the best interests of Shareholders as a whole because it enables Henry Ying Chew Cheong to demonstrate his long standing support of Worldsec through a further investment of up to US\$624,292 pursuant to the terms of the First Placing (depending upon the outcome of the Open Offer).

For the avoidance of doubt, the maximum aggregate number of Ordinary Shares that Henry Ying Chew Cheong can subscribe for in his personal capacity as Underwriter or pursuant to the First Placing or both is 6,242,925.

## **8. Material contracts**

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Group within the two years immediately preceding the date of this document and are or may be material or have been entered into by members of the Group and contain provisions under which a member of the Group has an outstanding obligation or entitlement which is or may be material to the Group at the date of this document:

### **8.1 Placing & Underwriting Agreement**

The Company, the Underwriter and Smith & Williamson entered into the Placing & Underwriting Agreement, dated 2 August 2013, pursuant to which the Company has agreed, subject to certain conditions, to procure subscribers for up to 30,000,000 First Placing Shares at the price of US\$0.10 per share under the First Placing and the Underwriter has agreed to underwrite the Open Offer at the Open Offer Price to the extent of 6,242,925 Ordinary Shares.

The Underwriter will not be paid any fee in connection with the underwriting of the Open Offer.

Smith & Williamson and its affiliates have, from time to time, performed, and may in the future perform, various financial advisory, investment and other services for the Company and its affiliates and portfolio companies, for which it received or will receive fees and expenses. In connection with the placing of up to 30,000,000 First Placing Shares under the First Placing and the Open Offer, the Company has agreed to pay Smith & Williamson a corporate finance advisory fee of £100,000 and a commission of 0.75 per cent. of the aggregate gross proceeds of the First Placing and the Open Offer, which are included in the estimated expenses of this transaction.

The obligations of the Underwriter to underwrite the Open Offer to the extent of 6,242,925 Ordinary Shares, and the Company to procure subscribers for up to 30,000,000 First Placing Shares under the First Placing are conditional upon:

- (a) the Minimum Subscription of US\$2,500,000 being achieved under the First Placing;

- (b) the Placing & Underwriting Agreement becoming unconditional in all respects save for the condition relating to Admission and not having been terminated in accordance with its terms;
- (c) Admission becoming effective by not later than 8.00 a.m. on 5 September 2013 (or such later time and date as may be agreed pursuant to the Placing & Underwriting Agreement); and
- (d) the passing, without amendment, of Resolutions 1, 2, 3, 4, 6, 7 and 8.

The Placing & Underwriting Agreement not being breached prior to Admission, may be terminated by Smith & Williamson and the Company upon the occurrence of certain specified events, in which case the Open Offer and First Placing will not proceed. The Placing & Underwriting Agreement is not capable of termination (including in respect of any statutory withdrawal rights) from the date of Admission.

The Company and Smith & Williamson may terminate the Placing & Underwriting Agreement at any time before Admission becomes effective in certain limited circumstances including if there is a material adverse change in the condition of the Company or a material adverse change in financial markets.

The Company has given certain customary warranties as to the accuracy of this document and other matters and customary indemnities to Smith & Williamson.

## 8.2 **Relationship Agreement**

The Company and Henry Ying Chew Cheong entered into a relationship agreement on 2 August 2013 (the **Relationship Agreement**). Pursuant to the Relationship Agreement, Henry Ying Chew Cheong has agreed to exercise his rights as a Shareholder at all times, and to procure that his associates exercise their rights, so as to ensure that the Company is capable of carrying on its business independently of Henry Ying Chew Cheong or any control which Henry Ying Chew Cheong or his associates may otherwise be able to exercise over the Company. Moreover, Henry Ying Chew Cheong has undertaken to ensure, so far as he is able to, that all transactions, relationships and agreements between Henry Ying Chew Cheong or his associates and the Company or any of their subsidiaries are on arms' length terms on a normal commercial basis. In addition, Henry Ying Chew Cheong and the Company have agreed, amongst other things, that he will not participate in the deliberations of the Board in relation to any proposal to enter into any commercial arrangements with Henry Ying Chew Cheong or his associates.

## 8.3 **Depositary Agreement**

A depositary agreement dated 14 June 2013 between the Company and Capita IRG Trustees (the **Depositary Agreement**) under which the Company has appointed Capita IRG Trustees to constitute and issue from time to time, upon the terms of a deed poll dated 14 June 2013 (the **Deed Poll**), a series of Depositary Interests representing Ordinary Shares and to provide certain other services in connection with such Depositary Interests. Capita IRG Trustees agreed that it will comply, and will procure certain other persons comply, with the terms of the Deed Poll and that it and they will perform their obligations in good faith and with all reasonable skill, diligence and care. Capita IRG Trustees assumed certain specific obligations including, for example, to arrange for the Depositary Interests to be admitted to CREST as participating securities and to provide copies of, and access to, the register of Depositary Interests.

- (i) Capita IRG Trustees warrants that it is an authorised person under FSMA and is duly authorised to carry out custodial and other activities under the Deed Poll. It also undertakes to maintain that status and authorisation. It will either itself or through its appointed Custodian as bare trustee hold the deposited property (which includes, *inter alia*, the securities represented by the Depositary Interests) for the benefit of the holders of the Depositary Interests as tenants in common, subject to the terms of the Deed Poll. The Company agrees to provide such assistance, information and documentation to Capita IRG Trustees as is reasonably required by Capita IRG Trustees for the purposes of performing its duties, responsibilities and obligations under the Deed Poll and the Depositary Agreement. In particular, the Company is to supply Capita IRG Trustees with all documents it sends to its Shareholders so that Capita IRG Trustees can distribute the same to all holders of Depositary Interest.
- (ii) The Depositary Agreement sets out the procedures to be followed where the Company is to pay or make a dividend or other distribution and in respect of voting at general or other meetings.

Capita IRG Trustees is to indemnify the Company and each of its subsidiaries and subsidiary undertakings against claims made against any of them by any holder of Depositary Interests or any person having any direct or indirect interests in any such Depositary Interests or the underlying securities which arises out of any breach or alleged breach of the terms of the Deed Poll or any trust declared or arising thereunder. The Depositary Agreement is to remain in force for as long as the Deed Poll remains in force. The Company may terminate the appointment of Capita IRG Trustees if an Event of Default (as defined in the Depositary Agreement) occurs in relation to Capita IRG Trustees or if it commits an irremediable material breach of the Depositary Agreement or the Deed Poll or any other material breach which is not remedied within 30 days. Capita IRG Trustees has the same termination rights in respect of Events of Default occurring on any breach by the Company. Either of the parties may terminate Capita IRG Trustees' appointment by giving not less than 45 days' written notice. If the appointment is terminated on an Event of Default or breach, Capita IRG Trustees must serve notice to terminate the Deed Poll such that its appointment and the Deed Poll terminate on the same date. In either case if Capita IRG Trustees fails to serve notice to terminate the Deed Poll, the Company may do so on its behalf as its duly authorised attorney. Capita IRG Trustees agrees that it will not, without the prior written consent of the Company terminate, or take any steps to terminate the Deed Poll other than in accordance with the provisions of the Depositary Agreement.

- (iii) Capita IRG Trustees is to ensure that any custodian and any person who maintains the register of Depositary Interests is a member of its group and may not subcontract or delegate its obligations under the Deed Poll to a company that is not a member of the same group without the Company's consent. The Company is to pay certain fees and charges including, *inter alia*, an annual fee, a fee based on the number of Depositary Interests traded per year and certain CREST related fees. Capita IRG Trustees is also entitled to recover reasonable out of pocket fees and expenses.

The Company pays certain fees and charges under the Depositary Agreement including, *inter alia*, an annual fee of £10,000, a fee based on the number of Depositary Interests and certain CREST related fees, all of which are customary for an agreement of this type.

## **9. Authorities to allot Shares and disapplication of pre-emption rights**

To facilitate the Placings and Open Offer the Board will be obtaining Shareholders' approval to confirm and acknowledge the disapplication of any and all applicable pre-emption rights provisions under the Bye-Laws of the Company and for the allotment of the Placing Shares and New Shares.

If carried, the relevant Resolutions will authorise the Directors to allot up to 93,367,290 Ordinary Shares, which represents 698.48 per cent. of the share capital of the Company in issue as at the latest practicable date before publication of this Circular. The disapplication of pre-emption rights in respect of up to 80,000,000 Placing Shares, represents 598.48 per cent. of the share capital of the Company in issue as at the latest practicable date before publication of this Circular. These authorities will lapse on the date falling one year from the date of publication of the Registration Document, or if earlier, the date of the next annual general meeting of the Company in 2014.

The Open Offer will result in 13,367,290 New Shares being issued (representing 100 per cent. of the existing issued share capital of the Company and 23.56 per cent. of the Enlarged Share Capital). Qualifying Shareholders who take up their Open Offer Entitlements in full will suffer an immediate dilution of 52.88 per cent. to their economic interests in the Company as a result of the First Placing (assuming full subscription) but will suffer no further dilution to their interests in the Company as a result of the Open Offer. Qualifying Shareholders who do not take up any of their Open Offer Entitlements will suffer an immediate dilution of 76.44 per cent. to their interests in the Company as a result of the First Placing (assuming full subscription) and the Open Offer and, assuming the successful placing of all Placing Shares, a total dilution of 87.48 per cent. to their interests in the Company.

Despite the large dilution in the holdings of existing Shareholders as a result of Placings, should all 80,000,000 proposed Placing Shares be issued, the Directors believe, for the reasons set out in paragraph 2 above, that it is in the best interests of the Company and its security holders as a whole to approve the disapplication of pre-emption rights in connection with the placing of up to 80,000,000 Placing Shares and the Open Offer.

## 10. Bonus Scheme

It is proposed that the Company will operate a bonus scheme in which all Directors and employees of the Group will be eligible to participate. It is proposed that up to 20 per cent. of the operating profit, before payment of tax, of the Group in each financial year (Bonus Pool) will be employed in paying bonuses to Directors and the Group's employees at the discretion of the Remuneration Committee.

In making decisions on the award of bonuses, the Remuneration Committee will consider an individual's overall performance and contribution to the business of the Group. Award of bonuses are entirely discretionary and the Remuneration Committee may elect to award only part of the Bonus Pool if they see fit. No Director or employee is contractually entitled to a share of the Bonus Pool, and the Bonus Pool may be awarded in its entirety to a single Director or employee should the Remuneration Committee so resolve.

The bonus scheme constitutes a long term incentive plan but as Worldsec is not incorporated in the United Kingdom, the provisions of Listing Rule 9.4.1 do not apply. The Directors, however, have determined that it is appropriate to treat the bonus scheme as if it were a long term incentive plan under Listing Rule 9.4.1 and, therefore, seek the approval of Shareholders to the adoption of the bonus scheme at the SGM.

## 11. Directors' and other interests

11.1 As at 1 August 2013 (being the latest practicable date prior to publication of this document) and immediately following completion of the First Placing and the Open Offer, the interests (all of which are beneficial unless otherwise stated) of the Directors in the share capital of the Company were and are expected to be as follows:

Name	As at 1 August 2013		Immediately following the First Placing and Open Offer (assuming full subscription under the First Placing)	
	Number of Shares	Percentage of issued Ordinary Share capital	Number of Shares	Percentage of issued Ordinary Share capital
Alastair Gunn-Forbes	15,000	0.11	30,000	0.05
Henry Ying Chew Cheong <sup>(1)</sup>	950,000	7.11	8,142,925	14.35
Henry Ying Chew Cheong via Grand Acumen Holdings Limited	3,225,000	24.13	6,450,000	11.37
Henry Ying Chew Cheong via HC Investment Holdings Limited	2,751,000	20.58	5,502,000	9.70
Mark Chung Fong	Nil	Nil	Nil	Nil
Ernest Chiu Shun She	183,365	1.37	366,730	0.65
Martyn Stuart Wells	Nil	Nil	Nil	Nil

### Note

- (1) Assuming that Henry Ying Chew Cheong subscribes for 950,000 New Shares under the Open Offer as a Qualifying Shareholder and 6,242,925 New Shares under the Open Offer in his capacity as Underwriter.

11.2 Henry Ying Chew Cheong holds 25 per cent. of the issued share capital of Grand Acumen Holdings Limited and the entire issued share capital of HC Investment Holdings Limited, each of which holds shares in the Company as disclosed in paragraph 12 below.

11.3 So far as the Directors are aware, with the exception of the Henry Ying Chew Cheong, there are no persons who directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

## 12. Major Shareholders

- 12.1 As at 1 August 2013 (being the latest practicable date prior to publication of this document) and following completion of the First Placing of the 30,000,000 First Placing Shares and the Open Offer (assuming full take up by each person described below of their entitlements to New Shares under the Open Offer and full take up by Henry Ying Chew Cheong of his underwriting obligations), and so far as is known to the Company by virtue of notifications made to it pursuant to the Bermuda Act and Chapter 5 of the Disclosure and Transparency Rules, the name of each person who directly or indirectly, was and is expected to be interested in 5 per cent. or more of the voting rights in the Company, and the amount of such person's interest, was and is expected to be as follows:

Name	As at 1 August 2013		Immediately following the First Placing and the Open Offer (assuming full subscription under the First Placing)	
	Number of Shares	Percentage of issued Ordinary Share capital	Number of Shares	Percentage of issued Ordinary Share capital
Henry Ying Chew Cheong <sup>(1)</sup>	950,000	7.11	8,142,925	14.35
Grand Acumen Holdings Limited <sup>(2)</sup>	3,225,000	24.13	6,450,000	11.37
HC Investment Holdings Limited <sup>(3)</sup>	2,751,000	20.58	5,502,000	9.70

### Notes

- (1) Assuming that Henry Ying Chew Cheong subscribes for 950,000 New Shares under the Open Offer as a Qualifying Shareholder and 6,242,925 New Shares under the Open Offer in his capacity as Underwriter.
- (2) Henry Ying Chew Cheong is the legal and beneficial owner of 25 per cent. of the issued shares in Grand Acumen Holdings Limited. Assuming that Grand Acumen Holdings Limited subscribes for 3,225,000 New Shares under the Open Offer.
- (3) Henry Ying Chew Cheong is the legal and beneficial owner of the entire issued share capital of HC Investment Holdings Limited. Assuming that HC Investment Holdings Limited subscribes for 2,751,000 New Shares under the Open Offer.

- 12.2 None of the major Shareholders in the Company has different voting rights.

- 12.3 Pursuant to the terms of the Placing & Underwriting Agreement, in the event that the Open Offer is not fully subscribed, Henry Ying Chew Cheong, in his personal capacity, is underwriting the Open Offer to the extent of 6,242,925 Ordinary Shares. To the extent that Shareholders subscribe for New Shares under the Open Offer and, as a result, Henry Ying Chew Cheong is not required to subscribe for such number of Ordinary Shares in his capacity as Underwriter, he may subscribe for up to 6,242,925 First Placing Shares pursuant to the First Placing.

- 12.4 As a result of the Open Offer and assuming full subscription as Underwriter, Henry Ying Chew Cheong's holding of Ordinary Shares in the capital of the Company, including the holdings of his associates, could increase to 20,094,925, representing 35.42 per cent of the issued share capital of the Company immediately following the First Placing (assuming full subscription) and the Open Offer.

- 12.5 Save as disclosed above and the Directors' interests disclosed in paragraph 11 of Part I of this document, the Company is not aware of any person who was, as at 1 August 2013 (being the latest practicable date prior to the publication of this Circular), or will be, immediately following the First Placing and the Open Offer, directly or indirectly, interested in 5 per cent. or more of the voting rights in the Company.

## 13. Terms of appointment and emoluments of the Directors

- 13.1 The following are particulars of the terms of appointment between the Company and the Directors.

Each of the Directors, with the exception of Henry Ying Chew Cheong and Ernest Chiu Shun She, has entered into a letter of appointment with the Company under which each Director is required to attend four board meetings each year, and in the case of members of the Audit Committee and Remuneration



Committee to attend two meetings of those committees each year. Each Director is entitled to a fee of £10,000 per annum, in addition to being able to participate in the bonus arrangements described in paragraph 13.2 below. A Non-Executive Director's appointment may be terminated on one months' notice in writing. There are no benefits upon termination of employment.

13.1.1 Henry Ying Chew Cheong entered into a letter of appointment with the Company on 2 August 2013, under which Henry Ying Chew Cheong is entitled to remuneration of £10,000 per annum. Henry Ying Chew Cheong is entitled to participate in the bonus arrangements described in paragraph 13.2 below. The letter of appointment is terminable by either party giving to the other not less than six months' notice in writing to that effect. Henry Ying Chew Cheong is required to devote such time as is reasonably necessary to fulfil his duties.

13.1.2 Ernest Chiu Shun She entered into a letter of appointment with the Company on 2 August 2013, under which Ernest Chiu Shun She is entitled to remuneration of £10,000 per annum. Ernest Chiu Shun She is entitled to participate in the bonus arrangements described in paragraph 13.2 below. The letter of appointment is terminable by either party giving to the other not less than six months' notice in writing to that effect. Ernest Chiu Shun She is required to devote such time as is reasonably necessary to fulfil his duties.

13.2 As described in paragraph 10 of this document, the Company intends to operate a bonus scheme in which all Directors and employees of the Group will be eligible to participate. Up to 20 per cent. of the operating profit, before payment of tax, of the Group in each financial year will be employed in paying bonuses to Directors and the Group's employees at the discretion of the Remuneration Committee.

13.3 Except as disclosed above, there are no other existing service contracts or letters of appointment between any of the Directors and the Company.

#### **14. Board participation**

Those Directors who are also Shareholders (including Henry Ying Chew Cheong and his associates) intend to take up their full entitlements under the Open Offer, in respect of an aggregate 7,124,365 Ordinary Shares. In addition, as referred to in paragraph 4 above, Henry Ying Chew Cheong, in his personal capacity, has underwritten 6,242,925 Ordinary Shares under the Open Offer.

Subject to Resolution 5 being passed at the SGM, and depending on the outcome of the Open Offer, Henry Ying Chew Cheong may subscribe for up to 6,242,925 First Placing Shares pursuant to the First Placing. For the avoidance of doubt, the maximum, aggregate number of additional Shares Henry Ying Chew Cheong can be issued with, in his personal capacity as Underwriter and/or may subscribe for pursuant to the First Placing, is 6,242,925.

#### **15. No significant change**

There has been no significant change in the financial or trading position of the Group since 31 December 2012, the date to which the last audited consolidated financial statements of the Group were prepared.

#### **16. Documents available for inspection**

16.1 Copies of the following documents will be available for inspection at the offices of TLT LLP, 20 Gresham Street, London EC2V 7JE during normal business hours on any weekday (Saturdays, Sundays and UK public holidays excepted) until the close of the First Placing and Open Offer:

- (a) the Memorandum of Association and Bye-Laws of the Company;
- (b) the audited consolidated financial statements of the Company and its subsidiaries for each of the three financial years ended 31 December 2012, 2011 and 2010 together with the independent auditors' report thereon;
- (c) the letters of appointment referred to in paragraph 13 above;
- (d) the material contracts referred to in paragraph 8 above;
- (e) a copy of this document.

## **17. Recommendation**

The Board which, in respect of the Related Party Transaction, has been so advised by Smith & Williamson, considers that the Related Party Transaction is fair and reasonable so far as the Shareholders are concerned. In providing its advice to the Board, Smith & Williamson has taken into account the Board's commercial assessments.

The Board considers the Placing and Open Offer and the Resolutions to be in the best interests of the Shareholders as a whole and accordingly recommends that Shareholders vote in favour of the Resolutions to be proposed at the SGM.

Henry Ying Chew Cheong has not taken any part in the Board's consideration of the Related Party Transaction and has confirmed that he will not vote on, and will take all reasonable steps to ensure that his associates will not vote on Resolution 5.

The Board intends to vote in favour of the Resolutions in respect of their own beneficial holdings amounting (as at 1 August 2013, being the latest practicable date prior to the publication of this document) to an aggregate of 7,124,365 existing, issued Ordinary Shares representing 53.30 per cent. of the existing, issued Ordinary Shares in respect of Resolutions 1, 2, 3, 4, 6, 7 and 8.

The Board (excluding Henry Ying Chew Cheong) intends to vote in favour of Resolution 5 (Related Party Transaction) in respect of their own beneficial holdings amounting (as at 1 August 2013, being the latest practicable date prior to the publication of this document) to an aggregate of 198,365 existing, issued Ordinary Shares representing 1.48 per cent. of the existing, issued Ordinary Shares.

Yours faithfully

**Alastair Gunn-Forbes**  
*Chairman*



## **PART II**

### **ACTION TO BE TAKEN**

Shareholders may appoint a proxy, that is, someone who will attend the SGM on their behalf and vote, by completing and returning the accompanying Form of Proxy or Form of Direction (as appropriate).

Enclosed with this document is a Form of Proxy or a Form of Direction (as appropriate) for use in connection with the SGM. For Shareholders' convenience, the appointment of the chairman of the SGM as proxy has already been included, although Shareholders may appoint someone else as their proxy if they so wish. A proxy need not be a Shareholder.

Depository Interest holders can use CREST to instruct Capita IRG Trustees to vote on their behalf at the SGM and any adjournment(s) thereof by utilising the procedures described in the Form of Direction and the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST Members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

To be valid, the Form of Proxy should be signed and returned to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but, in any event, so as to be received not later than 10.00 a.m. on 28 August 2013 (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Accordingly, whether or not you intend to attend the SGM, you are requested to complete and return the Form of Proxy to Capita Registrars, so as to be received by not later than that time. For this purpose, you can return the Form of Proxy by post or by hand.

In order for a CREST instruction to be valid, the CREST instruction must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The CREST instruction must be transmitted so as to be received by Capita Registrars (ID: RA10) by 10.00 a.m. on 27 August 2013 (or in the case of any adjournment, not later than 72 hours before the time fixed for the holding of the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST Members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST instructions.

It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST Members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

In the case of holders of Depository Interests representing ordinary shares in the capital of the Company a Form of Direction must be completed in order to direct Capita IRG Trustees, as the registered shareholder of Worldsec Limited Ordinary Shares represented by Depository Interests, to vote on the holder's behalf at the meeting, or if the meeting is adjourned, at any adjourned meeting. To be effective, a completed and signed Form of Direction must be delivered to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, by no later than 10.00 a.m. on Thursday 27 August 2013, or 72 hours before the time fixed for any adjourned meeting.

Depository Interests may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST Manual.

Depository Interest holders wishing to attend the meeting should contact Capita IRG Trustees to request a Letter of Representation at Capita IRG Trustees, The Registry, 34 Beckenham Road Beckenham, Kent BR3 4TU, or by emailing [custodymgt@capitaregistrars.com](mailto:custodymgt@capitaregistrars.com) by no later than 10.00 am on 27 August 2013, or 72 hours before the time fixed for any adjourned meeting.

## PART III

### DEFINITIONS

“Act” or “Bermuda Act”	the Companies Act 1981 of Bermuda (as amended)
“Admission”	the admission of the First Placing Shares, fully paid, under the First Placing and the New Shares, fully paid, to the Official List becoming effective in accordance with the Listing Rules and admission of such Shares to trading on the London Stock Exchange’s main market for listed securities becoming effective in accordance with the Admission and Disclosure Standards
“Associate”	as defined by the Listing Rules
“Business Day”	any day on which banks in the City of London are generally open for business
“Capita IRG Trustees”	Capita IRG Trustees Limited
“CCSS”	the CREST Courier and Sorting Service established by Euroclear to facilitate, amongst other things, the deposit and withdrawal of securities
“Certificated Application Form” or “Application Form”	the application form for use by Qualifying Certificated Shareholders relating to applications for New Shares
“Circular”	this document
“Company or Worldsec”	Worldsec Limited
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK is the operator (as defined in the CREST Regulations)
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended)
“CREST member”	a person who has been admitted to Euroclear as a system-member (as defined in the CREST Regulations)
“CREST participant”	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/378), as amended
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member the disclosure and transparency rules of the FCA
“Depository Interests”	the dematerialised Depository Interests in respect of the Ordinary Shares issued or to be issued by Capita IRG Trustees

“Directors” or “the Board”	the directors of the Company, whose names appear on page 5 of this document
“Enlarged Share Capital”	the issued share capital of the Company immediately following completion of the First Placing (assuming full subscription) and Open Offer, consisting of the Ordinary Shares already in issue, the First Placing Shares and the New Shares
“Euroclear UK”	Euroclear UK & Ireland Limited, the operator of CREST
“Excluded Territories”	Australia, its territories and possessions, Canada, Japan, South Africa and the United States and any other jurisdiction where the extension or availability of the Open Offer (or any transaction contemplated thereby and any activities carried out in connection therewith) would breach applicable law and Excluded Territory means any one of them
“Excluded Territory Shareholder”	a Qualifying Shareholder who has a registered address or is resident or located in any Excluded Territory
“Ex-Entitlement Date”	5 August 2013
“FCA”	the Financial Conduct Authority
“First Placing”	the placing and issue of First Placing Shares by the Company contemporaneously with the issue of the New Shares under the Open Offer
“First Placing Shares”	up to 30,000,000 Placing Shares, the subject of the First Placing
“Form of Direction”	the form of direction for use by Depositary Interest holders to instruct Capita IRG Trustees in respect of the Special General Meeting
“Form of Proxy”	the form of proxy to be used at the SGM
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Future Summary and Securities Note”	a summary and securities note to be issued in the future by the Company in respect of each issue if any, of Placing Shares (other than the First Placing Shares) made pursuant to the Registration Document and subject to the separate approval by the UKLA
“Greater China”	Mainland China, Hong Kong, Macau and Taiwan
“Group”	the Company and its subsidiaries from time to time
“Investment Policy”	the investment policy of the Company from time to time in accordance with Listing Rule 15.2.7
“Listing Rules”	the Listing Rules made by the FCA under Part VI of the FSMA
“London Stock Exchange”	London Stock Exchange plc
“Minimum Subscription”	subscription for 25,000,000 First Placing Shares, being US\$2,500,000
“New Shares”	up to 13,367,290 Shares to be issued and allotted to Qualifying Shareholders other than, subject to certain exceptions, Excluded Territory Shareholders under the Open Offer

“Open Offer”	the proposed offer of New Shares to Qualifying Shareholders other than, subject to certain exceptions, Excluded Territory Shareholders on the basis described in the Summary and Securities Note prepared in accordance with the Prospectus Rules and in the Certificated Application Form
“Open Offer Entitlements”	the New Shares entitled to be taken up by Qualifying Shareholders other than, subject to certain exceptions, Excluded Territory Shareholders under the Open Offer on the basis described in this document
“Open Offer Price”	US\$: 10 cents per New Share
“Ordinary Shares” or “Shares”	the ordinary shares of US\$0.001 each in the capital of the Company (including, if the context requires, the Placing Shares and/or New Shares)
“Placees”	those persons who have agreed to subscribe for First Placing Shares under the First Placing
“Placing”	the placing of any Shares on one or more occasions as described in the Summary and Securities Note and any Future Summary and Securities Note prepared in accordance with the Prospectus Rules in relation to the Registration Document
“Placing & Underwriting Agreement”	the Placing & Underwriting Agreement dated 2 August 2013 and made between Henry Ying Chew Cheong, Smith & Williamson and the Company
“Placing Shares”	the new Ordinary Shares which are the subject of a Placing
“Prospectus Rules”	as defined in Section 73(A)(4) of FSMA
“Qualifying Certificated Shareholders”	Qualifying Shareholders whose Ordinary Shares on the register of members of the Company on the Record Date are in certificated form
“Qualifying CREST Shareholders”	Depository Interest holders whose holding on the register of Depository Interests of the Company on the Record Date are in uncertificated form
“Qualifying Shareholders”	Shareholders of the Company whose name appears in the register of members of the Company at the close of business on the Record Date
“Registration Document”	the registration document dated 2 August 2013 approved by the UKLA and issued by the Company in respect of the issue of the New Shares under the Open Offer and the Placing Shares under the Placings to which the Summary and Securities Note and any Future Summary and Securities Note relate
“Registrar or Capita Registrars”	Capita Registrars Limited
“Record Date”	the close of business on 1 August 2013
“Resolutions”	the proposed resolutions to be voted on at the SGM contained in the notice of SGM appended to this document
“Shareholders”	the holders of Shares

“Smith & Williamson”	Smith & Williamson Corporate Finance Limited
“South East Asia”	Singapore, Malaysia, Thailand, the Philippines and Indonesia
“Special General Meeting” or “SGM”	the special general meeting of Worldsec to be held at the offices of Smith & Williamson, 25 Moorgate, London EC2R 6AY on Friday, 30 August 2013 at 10.00 a.m., notice of which accompanies this document
“Summary and Securities Note”	the summary and securities note dated 2 August 2013 approved by the UKLA and issued by the Company in respect of the issue of the New Shares under the Open Offer and the First Placing Shares under the First Placing made pursuant to the Registration Document
“UKLA”	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“Underwriter”	Henry Ying Chew Cheong
“Underwritten Shares”	6,242,925 Ordinary Shares
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America
“US Dollars” or “US\$”	the lawful currency of the United States

## PART IV

### NOTICE OF SPECIAL GENERAL MEETING

Notice is hereby given that a Special General Meeting of Worldsec Limited (Company) will be held at 10.00 a.m. on Friday, 30 August 2013 at Smith & Williamson, 25 Moorgate, London EC2R 6AY.

You will be asked to consider and vote on the resolutions below. Resolutions 1, 2, 3, 4, 5 and 6 will be proposed as ordinary resolutions and Resolutions 7 and 8 will be proposed as special resolutions.

#### ORDINARY RESOLUTIONS

##### ***Resolution 1: Current authorised share capital***

THAT:

- a. the shareholders of the Company hereby confirm, ratify and acknowledge that the ordinary resolution passed by the Company at the special general meeting of the Company held on 23 July 2003 did not have the effect of reducing the then authorised share capital of the Company and that upon the passing of the said ordinary resolution on 23 July 2003 the resulting authorised share capital of the Company was US\$50,000,000 divided into 50,000,000,000 ordinary shares of par value US\$0.001 each (the "Ordinary Shares");
- b. the directors of the Company (the "Directors") be and are hereby generally authorised to do all such acts, deeds and things and to sign all documents as they may, in their absolute discretion, deem necessary, desirable or appropriate to give effect to this resolution; and
- c. all actions taken by the Directors which would have been authorised by this resolution but were taken prior to the date hereof be and are hereby severally approved, ratified and confirmed in all respects.

##### ***Resolution 2: Increase of authorised share capital***

THAT:

- a. the authorised share capital of the Company be increased from US\$50,000,000 divided into 50,000,000,000 Ordinary Shares to US\$60,000,000 divided into 60,000,000,000 Ordinary Shares by the creation of 10,000,000,000 new Ordinary Shares;
- b. the Directors be and are hereby generally authorised to do all such acts, deeds and things and to sign all documents as they may, in their absolute discretion, deem necessary, desirable or appropriate to give effect to this resolution; and
- c. all actions taken by the Directors which would have been authorised by this resolution but were taken prior to the date hereof be and are hereby severally approved, ratified and confirmed in all respects.

##### ***Resolution 3: Authority to allot and issue shares***

THAT, subject to the passing of Resolution 1, 2, 4, 6, 7 and 8:

- (i) the Directors be generally and unconditionally authorised to allot 93,367,290 Ordinary Shares as follows:
  - a. up to 13,367,290 Ordinary Shares in connection with an offer by way of an open offer to holders of Ordinary Shares in proportion to their respective holdings but subject to such exclusions or other arrangements as the the board of Directors (the "Board") may deem necessary or expedient in relation to record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
  - b. up to 80,000,000 Ordinary Shares in connection with the placing of any Ordinary Shares on one or more occasions as described in the Summary and Securities Note (as defined in the Circular

which accompanied this Notice) and any Future Summary and Securities Note (as defined in the Circular which accompanied this Notice) prepared in accordance with the Prospectus Rules (as defined in the Circular which accompanied this Notice) in relation to the Registration Document (as defined in the Circular which accompanied this Notice),

provided that this authority shall expire on the date falling one year from the date of publication of the Registration Document or, if earlier, the date of the next annual general meeting of the Company in 2014 (unless renewed, varied or revoked by the Company prior to or on that date) save that the Company may, before such expiry, make offers or agreements which would or might require Ordinary Shares to be allotted and the Directors may allot and issue Ordinary Shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired;

- (ii) this resolution shall revoke and replace all unexercised authorities previously granted to the Directors (other than authorities granted under Bye-Law 8 of the Bye-Laws of the Company) to allot and issue Ordinary Shares during the period from the date of this resolution to the date falling one year from the date of the publication of the Registration Document or the date of the next annual general meeting of the Company in 2014, whichever is the earlier, but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

#### ***Resolution 4: Investment policy***

THAT, subject to the passing of Resolutions 1, 2, 3, 6, 7 and 8 the draft investment policy appended to this notice be adopted in substitute for the Company's existing investment policy, in accordance with Chapter 15 of the Listing Rules (as defined in the Circular which accompanied this Notice).

#### ***Resolution 5: Related party transaction – Placing of Ordinary Shares pursuant to the First Placing***

THAT as the potential placing by the Company to Henry Ying Chew Cheong of up to 6,242,925 new Ordinary Shares at US\$0.10 each (the "Potential Placing") comprises a related party transaction under the Listing Rules (as further described in the Summary and Securities Note), the Potential Placing be and is hereby approved as a related party transaction and the Board of Directors be and is hereby authorised to take all such steps as may be necessary or desirable in relation thereto and to carry the same into effect with such modification, variations, or amendments (providing such modifications, variations or amendments are not of a material nature) as it shall deem necessary or desirable.

#### ***Resolution 6: Bonus scheme***

THAT, subject to the passing of Resolutions 1, 2, 3, 4, 7 and 8, the Directors be authorised to award bonuses to Directors and employees of the Group (as defined in the Circular which accompanied this Notice) of, in aggregate, up to 20 per cent. of the operating profit before payment of tax, of the Group in each financial year, at their discretion.

### **SPECIAL RESOLUTIONS**

#### ***Resolution 7: Authority to allot and issue Shares at less than net asset value***

THAT, subject to the passing of Resolutions 1, 2, 3, 4, 6 and 8, the Directors of the Company be authorised for the purposes of Listing Rule 15.4.11 to allot and issue Ordinary Shares for cash or other consideration at a price or a value below the net asset value per Ordinary Share of the existing Ordinary Shares in issue.

#### ***Resolution 8: Confirmation and acknowledgement***

THAT, subject to the passing of Resolutions 1, 2, 3, 4, 6 and 7 the Directors be generally empowered to allot and issue Ordinary Shares pursuant to the authority conferred by resolution 1, and the shareholders of the Company hereby confirm and acknowledge that any and all applicable pre-emption rights provisions under the Bye-Laws of the Company shall not apply to any such allotment or issue, provided that this authority, confirmation and acknowledgement shall:

- a. be limited to the allotment of up to 93,367,290 Ordinary Shares; and



- b. expire on the date falling one year from the date of publication of the Registration Document or, if earlier, the date of the next annual general meeting of the Company in 2014 (unless renewed, varied or revoked by the Company prior to or on that date) save that the Company may, before such expiry make an offer or agreement which would or might require Ordinary Shares to be allotted and issued after such expiry and the Directors may allot and issue Ordinary Shares in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

## **BY ORDER OF THE BOARD**

Alastair Gunn-Forbes

### **Chairman**

#### *Registered office*

Worldsec Limited  
Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

Date: 2 August 2013

#### *Notes:*

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote on your behalf at a general meeting of the Company.
2. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert his or her full name in the box on your proxy form. If you sign and return your proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that he or she attends the meeting and is aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give him or her the relevant instructions directly.
3. If you are holding two or more shares in the Company you may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. In the event of a conflict between a blank proxy form and a proxy form which states the number of shares to which it applies, the specific proxy form shall be counted first, regardless of whether it was sent or received before or after the blank proxy form, and any remaining shares in respect of which you are the registered holder will be apportioned to the blank proxy form. To appoint more than one proxy you must complete a separate Form of Proxy for each proxy or, if appointing multiple proxies electronically, follow the instructions given on the relevant electronic facility. Members can copy their original Form of Proxy, or additional Forms of Proxy can be obtained from Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
4. The return of a completed proxy form does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
5. To direct your proxy how to vote on the resolutions mark the appropriate box on your proxy form with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. To be valid any proxy form or other instrument appointing a proxy must be:
  - completed and signed;
  - sent or delivered to Capita Registrars, PXS, 34 Beckenham, Kent BR3 4TU; and
  - received by Capita Registrars no later than 10.00 a.m. on Friday, 30 August 2013 or 48 hours before any adjournment thereof.
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior). Any power of attorney or any other authority under which your proxy form is signed (or a duly certified copy of such power or authority) must be included with your proxy form.
8. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
9. You may not use any electronic address provided in your proxy form to communicate with the Company for any purposes other than those expressly stated.
10. As at 1 August 2013, the issued share capital of the Company consisted of 13,367,290 Ordinary Shares of US\$0.001 each, carrying one vote each. Therefore, the total number of voting rights of the Company as at 1 August 2013 was 13,367,290.

11. Only those members entered on the register of members of the Company at 6.00 p.m. on Friday, 30 August 2013 or, in the event that this meeting is adjourned, in the register of members as at 6.00 p.m. on the day two days before the date of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their names at that time. Changes to the entries on the register of members after the close of business on 28 August 2013 or, in the event that this meeting is adjourned, in the register of members after the close of business on the day two days before the date of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
12. In the case of holders of Depositary Interests representing ordinary shares in the capital of the Company, a Form of Direction must be completed in order to direct Capita IRG Trustees, as the registered shareholder of Worldsec Limited Ordinary Shares represented by Depositary Interests, to vote on the holder's behalf at the meeting, or if the meeting is adjourned, at any adjourned meeting. To be effective, a completed and signed Form of Direction must be delivered to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, by no later than 10.00 a.m. on Thursday, 29 August 2013, or 72 hours before the time fixed for any adjourned meeting.
13. Depositary Interests may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual.
14. Depositary Interest holders wishing to attend the meeting should contact Capita IRG Trustees to request a Letter of Representation at Capita IRG Trustees, The Registry, 34 Beckenham Road Beckenham, Kent BR3 4TU, or by emailing [custodymgt@capitaregistrars.com](mailto:custodymgt@capitaregistrars.com) by no later than 10.00 am on 29 August 2013 or 72 hours before the time fixed for any adjourned meeting.
15. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
16. Any member attending the meeting has the right to ask questions. The Company has to answer any questions raised by members at the meeting which relate to the business being dealt with at the meeting unless:
  - to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; or
  - it is undesirable in the interests of the Company or the good order of the meeting to answer the question.

## INVESTMENT POLICY

The Company will invest in established small to medium sized trading companies, being companies with a turnover typically between US\$5 million to US\$20 million, based mainly in the Greater China and South East Asian region, and thereby create a portfolio of minority investments in such companies.

The Company's investment objective is to achieve attractive investment returns through capital appreciation on a medium to long term horizon. The Directors consider between 2 to 4 years to be medium term and long term to be over 4 years. The Directors intend to build an investment portfolio of small to medium sized companies based mainly in the Greater China and South East Asian region, where economic growth is expected to remain strong. The Company may also take advantage of opportunities to invest in companies in other jurisdictions, such as the UK, which have close trading links with Greater China and South East Asia. Investments will normally be in equity or preferred equity but if appropriate convertible loans or preference shares may be utilised.

The Company has no intention to employ gearing, but reserves the right to gear the Company to a maximum level of 25 per cent. of the last published net asset value of the Group should circumstances arise where, in the opinion of the Directors, the use of debt would be to the advantage of the Company and the Shareholders as a whole.

The investment portfolio will consist primarily of unlisted companies but the Directors will also consider investing in undervalued listed companies, if and when such an opportunity arises. Where suitable opportunities are identified, investment in companies considering a stock market listing at the pre-initial public offering stage will be considered.

No more than 20 per cent. of the gross assets of the Group will be invested in any single investment. The Directors consider that opportunities will arise to invest in investee companies by the issue of new Ordinary Shares at a discount of no more than 10 per cent. of the mid market price at the time of agreement of their issue in exchange for new equity, preferred equity or convertible instrument in the investee company. Up to 50 million Ordinary Shares may be issued in this way, subject to the overall investment limit per investment.

Initial target sectors are financial services, consumer retail distribution, natural resources and infrastructure but the Company will seek to take advantage of opportunities in other sectors if these arise.

The Company will invest in at least five different investee companies, thereby reducing the potential impact of poor performance by any individual investment. The Directors will endeavour to identify at least two suitable investments and complete investment agreements with such investee companies within the first twelve months and complete at least five investments within two years.

The Company does not intend to take majority interests in any investee company, save in circumstances where the Company exercises any rights granted under legal agreements governing its investment. Each investment by the Company will be made on terms individually negotiated with each investee company, and the Company will seek to be able to exercise control over the affairs of any investee company in the event of a default by the investee company or its management of their respective obligations under the legal agreements governing each investment. Where appropriate, the Company will seek representation on the board of companies in which it invests. Where board representation is secured in an investee company, remuneration for such appointment will be paid to the benefit of the Company thereby enhancing returns on the investment. There will be no intention to be involved in the day to day management of the investee company but the skills and connections of the board representative will be applied in assisting the development of the investee company, with the intention of enhancing shareholder value. The Company will arrange no cross funding between investee companies and neither will any common treasury function operate for any investee company; each investee company will operate independently of each other investee company.

Where the Company has cash awaiting investment, it will seek to maximize the return on such sums through investment in floating rate notes or similar instruments with banks or other financial institutions with an investment grade rating or investment in equity securities issued by companies which have paid dividends for each of the previous three years.

## PART V

### RISK FACTORS

Any investment in the Company, including the acquisition of the New Shares or First Placing Shares under the Open Offer or First Placing or any Placing Shares made under subsequent Placings, is subject to a number of risks. Prior to taking any decision relating to the Resolutions Shareholders should consider carefully the factors and risks associated with any investment in the Company (as described below) as well as the consequences and implications of approving the Resolutions.

The risks below are not the only ones that Worldsec will face. Some risks are not yet known and some that are not currently deemed material could later turn out to be material. Any of these risks could materially affect the Group, its reputation, business, results of operations and overall financial condition. In such a case, the market price of Ordinary Shares may decline and Shareholders could lose all or part of their investment.

#### **1. Risks relating to the First Placing, the First Placing Shares, the Open Offer, the New Shares, further Placings and Placing Shares**

##### ***Worldsec's share price will fluctuate***

Investor sentiment and international stock market conditions, which are outside the control of the Group, may impact on its performance and the price of the Shares, the First Placing Shares and the New Shares. Investors should recognise that the price of the Shares, the First Placing Shares and New Shares (as appropriate) may fall as well as rise.

Investment in the Company should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the investment objectives of the Company will be achieved. Investors may not get back the full amount initially invested. The prices of the Shares and the income derived from them can go down as well as up.

Changes in economic conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax laws and other factors can substantially and adversely affect equity investments and the Group's prospects.

##### ***Worldsec's share price may vary from the net asset value per Ordinary Share***

The market price and the realisable value of the Ordinary Shares, as well as being affected by their underlying net asset value, also take into account prevailing interest rates, supply and demand for the Shares, market conditions and general investor sentiment. As such, the market value and the realisable value of the Ordinary Shares may fluctuate and vary considerably from the net asset value per Ordinary Share.

##### ***Shareholders who do not acquire New Shares in the Open Offer will experience dilution in their ownership of Worldsec***

If Qualifying Shareholders, including Shareholders in jurisdictions where their participation in the Open Offer is restricted for legal, regulatory and other reasons, do not take up the offer of New Shares under the Open Offer, their proportionate ownership and voting interests in Worldsec will be reduced.

##### ***Shareholders will experience dilution in their ownership of the Company as a result of the First Placing and any subsequent Placings***

Regardless of whether a Qualifying Shareholder takes up his full entitlement under the Open Offer, his proportionate ownership and voting interests in the Company will be diluted by the issue of Placing Shares (unless the Qualifying Shareholder participates in the relevant Placing on a pro rata basis).

##### ***Shareholders outside the United Kingdom may not be able to subscribe for New Shares in the Open Offer or for future issues of Shares***

Securities laws of certain jurisdictions may restrict Worldsec's ability to allow participation by Shareholders in the Open Offer. In particular, holders of Ordinary Shares who are located in the United States may not be

able to exercise their pre-emption rights unless a registration statement under the US Securities Act is effective with respect to such rights or an exemption from the registration requirements is available thereunder. The Open Offer will not be registered under the US Securities Act. Securities laws of certain other jurisdictions may restrict Worldsec's ability to allow participation by Shareholders in such jurisdictions in the Open Offer or any future issue of Shares carried out by the Company. Qualifying Shareholders who have a registered address in or who are resident in, or who are citizens of, countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up New Shares under the Open Offer.

## **2. Risks relating to the adoption of the new Investment Policy**

### ***The assumption underlying the Group's new strategy may prove to be incorrect***

The Company's strategy is to become an investor in small and medium sized companies mainly in Greater China and South East Asia. This strategy is based on the assumption that the Company will be able to source appropriate investment opportunities. As the Company has yet to commence such activities this assumption is currently unproven. If the Directors belief proves to be incorrect, the expected growth in the Group's business may not materialise and the Group's business, financial condition, trading performance and prospects and ultimately the trading price of the Ordinary Shares may be materially adversely affected.

### ***Changes in the economic environment in Greater China and South East Asia may negatively impact on the demand for the services provided by companies in the Company's investment portfolio***

The operating and financial performance of the Group will be influenced by the economic conditions of the regions in which both it, and its prospective investee companies, operate. The Group intends to focus on companies principally operating in Greater China and South East Asia and the Group is therefore necessarily exposed to the economic, political and business risks associated with Greater China and South East Asia. Specifically changes in economic conditions in Greater China and South East Asia (for example, interest rates, inflation, rates of tax, industry conditions, regulatory protection, competition, political and diplomatic events and other factors) or adverse economic conditions in Greater China and South East Asia could substantially and adversely affect the demand for the services provided by companies in the Company's investment portfolio and consequently have a material adverse effect on their businesses, and consequently that of the Group.

The Chinese economy has experienced uneven growth both geographically and between various sectors of the economy. The government of China has implemented various measures from time to time to control the rate of economic growth and could continue do so in the future. Some of these measures may have a negative effect on the businesses of the Group's target investment base. For example, the operating results and financial position of investee companies may be adversely affected by changes in the rates or methods of taxation and imposition of additional restrictions on currency conversion and remittances abroad. This may reduce the demand for the services of investee companies and in turn this may have a material adverse effect on their businesses. Similar risks apply to investments made in companies operating in South East Asia.

### ***Changes in the political environment in China may negatively impact on the demand for the services provided by companies in the Company's investment portfolio***

The relationship between China and the rest of the international community may change over time. Change in political conditions in China may lead to less liberal or less business friendly investment policies. Changes in political conditions in China may also lead to the implementation of embargoes or economic sanctions by developed countries against Chinese companies or companies doing business in China, which in turn could have a material adverse effect on the Group's investments.

The Chinese economy has been undergoing a transition from a planned economy to a more market-oriented economy. Although in recent years the government of China has implemented economic reforms and reduced state ownership and established better corporate governance in business enterprises, a substantial portion of productive assets in China are still owned by the government of China. In addition, the government of China continues to play a significant role in regulating industry by imposing industrial policies. It also exercises significant control over economic growth through the allocation of resources, control of foreign

currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. The demand for the products and services of investee companies may decline if the government of China were to reverse recent trends and impose restrictions which affect (directly or indirectly) the businesses of the investee companies.

***The performance of the Company's portfolio will be dependent upon a range of factors and investments may not perform in line with expectations***

The performance of the Company's portfolio will be dependent upon a range of factors. These include but are not limited to (i) the quality of the initial investment decision; (ii) the business strategy of the portfolio company and the ability of each portfolio company to execute successfully its business strategy; (iii) the provision of adequate information on portfolio company performance which is accurate and timely; (iv) actual outcomes against the key assumptions underlying the portfolio company's financial projections; (v) the opportunities for the realisation of the Company's investments within the desired timeframe, and (vi) economic and market conditions. One or more of these factors could have a negative impact on the performance and valuation of a portfolio company and adversely affect the Company's actual returns, cash flows and financial conditions.

The Company will have investments in portfolio companies that it does not control, exposing it to the risk of decisions made by others with which the Company may not agree or which may be unfavourable to the Company's interests

The Company will typically take minority equity interests in companies. In addition, the Company may hold investments that include debt instruments and equity securities of companies that it does not control. Although in the case of most investments the Company will create an agreed management plan and seek investor protections and board representation as a condition of investment, those investments will nevertheless be subject to the risk that the portfolio company's board makes business, financial or management decisions with which the Company does not agree or that the majority stakeholders or the management of the company take risks or otherwise act in a manner that does not serve the Company's interests. If any of the foregoing were to occur, the value of the Company's investments could decrease and the Company's returns and cash flows could be adversely affected as a result.

***The Company will invest in companies operating in markets where legal systems are still developing. Some of the legal systems the Company or companies in which it invests rely on to conduct its business do not offer the certainty or predictability of legal systems in mature markets and, as a result, the Company or companies in which it invests may not be able to protect their rights adequately and their businesses may suffer***

The legal systems in certain markets are developing and have undergone significant changes in recent years. The interpretation of, and procedural safeguards relating to, these legal and regulatory systems are still developing, creating the risk of inconsistency in their application and therefore uncertainty concerning actions that are necessary to guarantee compliance with those laws. The Company and companies in which it invests may not be able to obtain the legal remedies provided for under these laws and regulations in a reasonably timely manner and may not be able to enforce its rights (which therefore may not be adequately protected). A lack of legal certainty in operating the businesses of the Company or companies in which it invests, or their inability to obtain predictable legal remedies in a timely manner or at all, may have a material adverse effect on the Company's investments, results of operations and financial performance. Local legal counsel will be engaged to ensure compliance with local legislation.

***Growth within the Group's target market may be slower than envisaged***

The Board regards the growth prospects of its prospective market to be an important part of its strategy. However, there can be no assurance that growth will occur at the rate envisaged by the Board. Further, there may be increased competition for business in a reduced market and investee companies may experience difficulties in responding quickly to a downturn in demand.

***The Company's investment portfolio will not be referenced to any stock market index***

The Company's portfolio will be constructed without reference to the composition of any stock market index or benchmark. It is likely, therefore, that there will be periods when the performance of the price of the Shares will be unlike that of any index or benchmark and there can be no assurance that such divergence will be to the Company's advantage.

