

CHINA GEWANG BIOTECHNOLOGY, INC.

Form S-1/A

March 06, 2017

As Filed with the U.S. Securities and Exchange Commission on March 6, 2017

Registration No. 333-214597

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 2

TO

FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

CHINA GEWANG BIOTECHNOLOGY, INC.

(Name of Registrant As Specified in its Charter)

Nevada	2000	42-1769584
<i>(State or Other Jurisdiction of Incorporation or Organization)</i>	<i>(Primary Standard Industrial Classification Code Number)</i>	<i>(I.R.S. Employer Identification No.)</i>

**Floor 29 No. 334, Huanshi East Road, Yuexiu District,
Guangzhou City, Guangdong Province,
The People's Republic of China 510623
86-024-2397-4663**

(Address and Telephone Number of Principal Executive Offices)

Aspen Asset Management Services, LLC

1980 Festival Plaza Drive

Suite 530

Las Vegas, Nevada 89135

Telephone: (702) 360-0652

Fax: (702) 562-9791

(Name, Address and Telephone Number of Agent for Service)

Copies to:

Clayton E. Parker, Esq.

Matthew Ogurick, Esq.

John C. Scarborough, Jr., Esq.

K&L Gates, LLP

200 South Biscayne Boulevard, Suite 3900

Miami, Florida 33131-2399

Telephone: (305) 539-3306

Facsimile: (305) 358-7095

Joel D. Mayersohn, Esq.

Sarah B. Cavanaugh, Esq.

Dickinson Wright PLLC

350 East Las Olas Blvd., Suite 1750

Fort Lauderdale, FL 33301

Telephone: (954) 991-5420

Facsimile: (844) 670-6009

Approximate Date of Proposed Sale to the Public: From time to time after the effective date of this Registration Statement

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the U.S. Securities Act of 1933, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities To Be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, \$0.001 par value per share		(1) \$ []	(1) \$12,000,000	(1) \$ 1,390.80
Common Stock Underlying Underwriter's Warrants, \$0.001 par value per share		(2) \$ []	\$720,000	(3) \$ 83.45
Total Registration Fee				\$ 1,474.24 (4)

The registration fee for securities to be offered by the Registrant is based on an estimate of the Proposed Maximum (1) Aggregate Offering Price of the securities, and such estimate is solely for the purpose of calculating the registration fee pursuant to Rule 457(o).

(2) Represents the maximum number of shares of the Registrant's common stock issuable upon exercise of the Underwriters' warrants.

(3) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(g) under the Securities Act, based on an estimated maximum exercise price of \$[] per share, or 120% of the maximum offering price.

(4) Previously paid

The Registrant amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall hereafter become effective in accordance with Section 8(a) of the U.S. Securities Act of 1933, or until the registration statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the U.S. Securities and Exchange Commission becomes effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS SUBJECT TO COMPLETION March 6, 2017

2,500,000 Shares of

CHINA GEWANG BIOTECHNOLOGY, INC.

Common Stock

This is an underwritten firm commitment public offering of our common stock. We are a reporting company under Section 13 of the U.S. Securities Exchange Act of 1934, as amended. Our shares of common stock are not currently listed or quoted for trading on any national securities exchange, however our common stock is traded under the symbol “CGWB” on the OTCQB. We intend to apply for the listing of our common stock on the NASDAQ Capital Market under the symbol “CGWB”. We believe that we will meet the standards for listing on the NASDAQ Capital Market; however there is no assurance that such application will be approved, and if our application is not approved this offering will not be completed.

We are offering all of the 2,500,000 shares of our common stock offered by this prospectus. The public offering price of our common stock will be \$[] per share.

We are an “emerging growth company” as that term is used in the Jumpstart Our Business Startup Act of 2012, and, as such, have elected to comply with certain reduced public company reporting requirements for this prospectus and future filings. Please refer to discussions under “Prospectus Summary” and “Risk Factors” of how and when we may lose emerging growth company status and the various exemptions that are available to us.

Investing in our common stock involves a high degree of risk. Before buying any shares, you should carefully read the discussion of material risks of investing in our common stock in the “Risk Factors” section of this prospectus.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of anyone’s investment in these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	\$ []	\$12,000,000
Underwriting discounts and expenses	\$ []	\$960,000
Net Proceeds	\$ []	\$11,040,000

The Underwriter is offering the common stock as set forth under “Underwriting.” Delivery of the shares will be made on or about _____, 2017

ViewTrade Securities Incorporated

The Date of this Prospectus is _____, 2017

Table of Contents

TABLE OF CONTENTS

<u>PROSPECTUS SUMMARY</u>	1
<u>RISK FACTORS</u>	8
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	20
<u>USE OF PROCEEDS</u>	21
<u>DIVIDEND POLICY</u>	22
<u>CAPITALIZATION</u>	23
<u>MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS</u>	26
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	27
<u>MANAGEMENT</u>	49
<u>EXECUTIVE COMPENSATION</u>	52
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	54
<u>BENEFICIAL OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	55
<u>DESCRIPTION OF SECURITIES</u>	56
<u>SHARES ELIGIBLE FOR FUTURE SALE</u>	57
<u>UNDERWRITING</u>	58
<u>LEGAL MATTERS</u>	67
<u>EXPERTS</u>	67
<u>ADDITIONAL INFORMATION</u>	67
<u>PART II INFORMATION NOT REQUIRED IN THE PROSPECTUS</u>	II-1
<u>SIGNATURES</u>	69

Table of Contents

Please read this prospectus carefully. It describes our business, our financial condition and results of operations. We have prepared this prospectus so that you will have the information necessary to make an informed investment decision.

Through and including [REDACTED], 2017 (25 days after the commencement of this offering), all dealers effecting transaction in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

You should rely only on the information contained in this prospectus and any free writing prospectus we may authorize to be delivered to you. We have not, and the underwriter has not, authorized anyone to provide you with information different from, or in addition to, that contained in this prospectus and any related free writing prospectus. We and the placement agent take no responsibility for, and can provide no assurances as to the reliability of, any information that others may give you. This prospectus is not an offer to sell, nor is it seeking an offer to buy, these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus is only accurate as of the date of this prospectus, regardless of the time of delivery of this prospectus and any sale of our common shares. Our business, financial condition, results of operations and prospects may have changed since that date.

Table of Contents

PROSPECTUS SUMMARY

Because this is only a summary, it does not contain all of the information that may be important to you. You should carefully read the more detailed information contained in this prospectus, including our financial statements and related notes. Our business involves significant risks. You should carefully consider the information under the heading “Risk Factors” beginning on page 8.

As used in this prospectus, unless otherwise indicated, the terms “we,” “our,” “us,” and the “Company” refer to China Gewang Biotechnology, Inc., a Nevada corporation and its subsidiaries. The term “Registrant” refers solely to China Gewang Biotechnology, Inc., a Nevada corporation. The term “Gewang Selenium” refers to the Registrant’s wholly owned subsidiary Gewang Selenium Enrichment Information Consulting (Shenzhen) Co., Ltd., a wholly owned foreign entity (“WFOE”) incorporated under the laws of the People’s Republic of China. The term “Hong Kong Gewang” refers to the Registrant’s wholly owned subsidiary Hong Kong Gewang Holdings Group Ltd., incorporated under the laws of Hong Kong. The term “Biotechnology International” refers to the Registrant’s wholly owned subsidiary Biotechnology International Holding Ltd., incorporated under the laws of the British Virgin Islands. The term “Tianmei Australia” refers to Tianmei Beverage Group Corporation Ltd., incorporated under the laws of Australia, in which Registrant owns a 30% interest. The term “Tianmei BVI” refers to Tianmei Australia’s wholly owned subsidiary Tianmei International Beverage Co., Ltd., incorporated under the laws of the British Virgin Islands. The term “Guangdong Tianmei” refers to Tianmei Australia’s wholly owned subsidiary Guangdong Tianmei Selenium-Rich Beverage Chain Co., Ltd., incorporated under the laws of the People’s Republic of China. We conduct our operations through the Registrant’s chief operating subsidiary, Guangdong Gewang Biotechnology Co., Ltd. (“Guangdong Gewang”), incorporated under the laws of the People’s Republic of China.

“China” or “PRC” refers to the People’s Republic of China. “RMB” or “Renminbi” refers to the legal currency of China and “U.S. Dollars” refers to the legal currency of the United States.

Company Overview

Guangdong Gewang was founded in June 2010 in Guangzhou City, China. Our home office is located at Floor 29 No. 334, Huanshi East Road, Yuexiu District, Guangzhou City, Guangdong Province, The People’s Republic of China 510623, and our phone number is 86-024-2397-4663. Guangdong Gewang is engaged in the sale of selenium supplements and selenium products within China.

Guangdong Gewang sells its proprietary selenium capsules and selenium powder, along with eighty nine types of selenium fortified food products from other manufacturers and other health related products through our branded

stores and through our distribution channels to large supermarket chains and similar large chain stores.

Guangdong Gewang initiated its business by cooperating with the Academy of Agricultural Sciences of Shandong Province (the “Academy”) in the research and development of formulas for three selenium supplements: a selenium capsule, a capsule combining selenium with glossy ganoderma (a therapeutic mushroom), and a selenium powder. The Academy has given Guangdong Gewang an exclusive license to contract for the manufacture and marketing of these three products. As a result of our relationship with the Academy, Guangdong Gewang has not needed to conduct its own research and development in the past two years.

In March 2016, Gewang entered into cooperation agreements with several selenium enriched food product manufacturers for the sale of selenium enriched food through chain stores which further expanded the Company’s market share.

Table of Contents

The Opportunity in China

We believe that the importance of selenium to human health and the fact of selenium deficiency in large parts of China create a vast market potential for development. Selenium has been studied extensively in China. These efforts have resulted in confirming that selenium is an important element for human health and that there are areas within China that are significantly deficient of selenium in the soil and water. In the past decade, Chinese government began getting more involved and government policy has helped to enhance the potential of the selenium market.

Our Products

Through our partnership with the Academy, which is a highly regarded research center in China, we have licensed the exclusive right to contract for the manufacture and marketing of products with three formulas developed and owned by the Academy. This also includes the Academy's zero toxicity extraction technique, which boosts absorption in the body.

We currently offer the following products for sale under the brand "Jindanli":

Selenium Capsules.

Selenium - Glossy Ganoderma Capsules.

*Organic Selenium
Powder.*

The only significant raw material needed by our contracted manufacturers for our selenium capsules and selenium powder is selenium. Selenium is readily available, as it has numerous industrial uses. For our selenium - glossy ganoderma capsules, we also need glossy ganoderma. Historically, the reisha mushroom, which is the source of glossy ganoderma, was rare in the wild. Currently, however, farmers have been successful in domesticating the reisha mushroom, and according to the International Journal of Pharmacy and Pharmaceutical sciences, as of 2015 the reisha mushroom and its derivative, glossy ganoderma is being cultivated on a large commercial scale in China and in many other countries. As a result, sourcing our raw materials is not a matter of concern, nor are we subject to significant effects from changes in the prices of our raw materials.

Our Manufacturing

Currently, we outsource our manufacturing to three production companies:

Yantai Yisheng Pharmaceutical Co., Ltd., which produces our selenium capsules;

Taian Zhishengtang Ganoderma Lucidum Co., Ltd., which produces our selenium - glossy ganoderma capsules; and

Beijing Technology Development Company of CAAS, which produces our organic selenium powder.

The inventory held by Guangdong Gewang consists only of inventory in our retail stores. Generally, upon receipt of an order from a wholesale customer, we place a corresponding order with the appropriate manufacturer. Guangdong Gewang then strictly supervises the manufacturing process with technical guidance from the Academy, inspects and accepts the finished product. When the products are ready for shipment, either our logistics team or the manufacturer (depending on our agreement with the manufacturer) engages a delivery service to pick up the product from the manufacturer's site and deliver it to the wholesale customer.

Table of Contents

Our Marketing

Selenium deficiency is harmful to all humans. It is of particular concern, however, to the elderly and to lactating women. As we deliver information to the populations of areas with selenium-poor soil, those two groups are our target market. Nevertheless, our staff is committed to raising awareness of selenium issues throughout China, particularly in the eastern regions with large populations and selenium-poor soil. Our marketing staff makes personal appearances throughout our prime markets, both to raise awareness of the problem of selenium deficiency and to educate consumers about the proper use of selenium supplements and the risks of excess selenium ingestion. Additionally, we plan to develop a media advertising program in the future.

Our distribution agreements with the chain stores do not prevent them from selling competitor's selenium products. Rather we assure ourselves of their loyalty by providing focused advertising of our brand in the chain stores' markets, thereby making sale of the Jindanli products an attractive, low-effort proposition for our chain stores.

Our Competition

There are a limited number of manufacturers of selenium supplements in China, as the industry is in its early development period. In the markets where we do face competition, we emphasize the high quality of the Jindanli products.

The limited size of the selenium supplements industry has had one unfortunate effect on the potential market. As there is no widely-known brand of selenium supplements, many potential customers first experience of selenium supplements comes from one of many small enterprises that offer products of poor quality with unsupportable health claims. Development of our market will require promotion and publicity to build confidence in established brands.

We believe that the quality of our products, along with our association with top quality manufacturers and chain stores, will enable us to compete effectively and gain market share as the selenium supplement industry grows.

Our Growth Strategy

Now that we reach markets in seven provinces in China through wholesale and retail operations, our immediate plan is to execute our marketing campaigns in regions where the need for selenium supplements is most pronounced, through

dedicated stores. The stores will feature the Jindanli products, allowing us, by our pronounced presence, to bring attention to the issue of selenium deficiency, attract new customers, and provide customers with the information about the proper use of selenium supplements. The stores will also function as promoters of the Jindanli brand, and we believe this will enable us to build our brand as a high quality choice and become a dominant player in the market.

We opened our first store in Chancheng, Guangdong Province, in September 2014, and opened two more stores, in Xiamen, Fujian Province and Changsha, Hunan Province, during the fiscal year 2015. In June 2016, we opened our flagship store in Guangzhou, Guangdong Province. Also in June 2016, our Chancheng store moved to Foshan, our Xianmen store moved to Longyan and our Changsha store moved to Zhuzhou. We hope to open up to 26 new stores in the fiscal year 2017.

Table of Contents

Our Strengths

We believe the following strengths contribute to our competitive advantages and differentiate us from our competitors:

Our partnership with the Academy gives us access to the highest level of research and technical assistance to develop our products;

Our three proprietary selenium products offer a range of options to our customers;

The manufacturers of our products have the advanced nanometer processing and production capabilities to produce products to our standards and to widely distribute these products to our target markets;

Our distributorship network has widened the availability of our Jindanli brand in target markets;

Our dedicated retail stores and marketing efforts position us to take advantage of the lack of dominant brands in the selenium industry in China.

Our Challenges

Our ability to achieve our objectives and execute our strategies is subject to risks and uncertainties. We believe the following are the risks and uncertainties that materially affect us:

The continued viability of our strategic partnerships;

The acceptance of our products in our target markets; and

Our ability to retain and hire qualified personnel.

Table of Contents

Corporate Structure Chart

As of the date of this prospectus, our organizational structure is as follows:

Employees

As of the date of this prospectus, Guangdong Gewang has 130 full time employees: 5 in human resources, 6 in administration, 7 in accounting, 11 in the purchase department, 4 in logistics, 6 in technology quality control, 10 in brand management, 8 in the customer center, 7 in the Chairman's office and 66 in sales and marketing, which includes our store sales, training and regional management employees. All are full time employees.

The Offering

Common stock we are offering 2,500,000 shares. (1)

Common stock outstanding after the offering 77,500,000 shares. (2)

Offering price \$[] per share.

Use of proceeds We intend to use the net proceeds from this offering to open new stores, enhance our current stores, expand our chain store customer base and for research and development of our products. See the "Use of Proceeds" section.

Table of Contents

Risk factors	Investing in these securities involves a high degree of risk. As an investor you should be able to bear a complete loss of your investment. You should carefully consider the information set forth in the “Risk Factors” section.
NASDAQ Capital Market proposed ticker symbol	Our common stock is currently quoted on the OTCQB under the symbol “CGWB”. We intend to apply for the listing of our common stock on the NASDAQ Capital Market under the symbol “CGWB”. We believe that we will meet the standards for listing on the NASDAQ Capital Market; however there is no assurance that such application will be approved, and if our application is not approved this offering will not be completed.
Underwriter	ViewTrade Securities Incorporated
Underwriter’s Warrant	Upon the closing of this offering, we will sell to ViewTrade Securities Incorporated (for a nominal fee of \$0.001 per share) common stock purchase warrants covering a number of shares of our common stock equal to 5% of the total number of shares of common stock being sold in this offering. The Warrants will expire 3 years after date of issuance. The Warrants will be exercisable at a price equal to 120% of the public offering price. We are registering the shares of common stock underlying such Warrants hereunder in this offering. The Warrants will provide for cashless exercise and if the cashless provision of the Warrants is unavailable to the Holders for any reason, the Company shall be required to offer all of the Holders of the Warrants and/or underlying securities the opportunity to register the underlying securities. See “Description of Our Securities” and “Underwriting” for more information.

(1) Excludes up to 125,000 shares of common stock underlying warrants to be received by the Underwriter in this offering.

(2) Based on 75,000,000 shares of common stock issued and outstanding as of the date of this prospectus and 2,500,000 shares of common stock to be issued in the public offering, which excludes the Underwriter’s Warrants to purchase 125,000 shares of our common stock.

Emerging Growth Company

We are an “emerging growth company” or “EGC” as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. We will remain an EGC until the earlier of: the last day of the fiscal year in which we have total annual gross revenues of \$1.0 billion or more; the date on which we have issued more than \$1.0 billion in nonconvertible debt during the previous three years; the date on which we are deemed to be a large accelerated filer under the rules of the SEC; or November 30, 2019.