



世大控股有限公司

**GREAT WORLD COMPANY HOLDINGS LTD**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8003)**

**THIRD QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE NINE MONTHS ENDED 31 DECEMBER 2019**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG  
LIMITED (THE “STOCK EXCHANGE”)**

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**Given that companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This announcement, for which the directors of Great World Company Holdings Ltd (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## **HIGHLIGHTS**

- Turnover was approximately HK\$116,421,000 and HK\$370,778,000 for the three months and nine months ended 31 December 2019 respectively, compared with the turnover of approximately HK\$84,016,000 and HK\$135,768,000 for the corresponding periods of last year.
- Loss attributable to owners of the Company was approximately HK\$2,949,000 and HK\$10,539,000 for the three months and nine months ended 31 December 2019 respectively, versus the profit/loss attributable to owners of the Company of approximately HK\$2,654,000 (profit) and HK\$4,681,000 (loss) for the corresponding periods of last year.
- The board of directors does not recommend the payment of a quarterly dividend for the nine months ended 31 December 2019 (nine months ended 31 December 2018: Nil).

## RESULTS

The board of directors of Great World Company Holdings Ltd (the “Company”) presents the financial information of the Company and its subsidiaries (the “Group”), comprising the condensed consolidated statement of profit or loss and condensed consolidated statement of profit or loss and other comprehensive income of the Group for the three months and nine months ended 31 December 2019, all of which are unaudited and in condensed format, (collectively referred to as the “Unaudited Condensed Financial Statements”) along with selected explanatory notes and comparative information as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
		2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Continuing operations</b>					
Turnover	2	116,421	84,016	370,778	135,768
Cost of sales		<u>(106,831)</u>	<u>(83,438)</u>	<u>(356,252)</u>	<u>(134,904)</u>
Gross profit		9,590	578	14,526	864
Other revenue	2	3	13	26	52
Gain/(loss) from changes in fair value less costs to sell of biological assets		608	548	303	(305)
Selling and distribution costs		(1,728)	–	(2,141)	–
Administrative and other operating expenses		(11,619)	(3,667)	(22,701)	(9,696)
Finance costs		<u>(963)</u>	<u>(599)</u>	<u>(2,258)</u>	<u>(1,774)</u>
Loss before tax from continuing operations		(4,109)	(3,127)	(12,245)	(10,859)
Income tax credit	5	<u>106</u>	<u>98</u>	<u>311</u>	<u>299</u>
Loss for the period from continuing operations		<u>(4,003)</u>	<u>(3,029)</u>	<u>(11,934)</u>	<u>(10,560)</u>
<b>Discontinued operations</b>					
Profit for the period from discontinued operations	6	<u>–</u>	<u>5,967</u>	<u>–</u>	<u>5,304</u>
<b>Profit/(loss) for the period</b>		<u><b>(4,003)</b></u>	<u><b>2,938</b></u>	<u><b>(11,934)</b></u>	<u><b>(5,256)</b></u>

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2019	2018	2019	2018
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit/(loss) for the period attributable to:</b>				
Owners of the Company	(2,949)	2,654	(10,539)	(4,681)
Non-controlling interests	(1,054)	284	(1,395)	(575)
	<u>(4,003)</u>	<u>2,938</u>	<u>(11,934)</u>	<u>(5,256)</u>
<b>Basic and diluted profit/(loss) per share</b>				
From continuing operations	<b>HK(0.17) cents</b>	HK(0.14) cents	<b>HK(0.50) cents</b>	HK(0.44) cents
From continuing and discontinued operations	<b>HK(0.17) cents</b>	HK0.11 cents	<b>HK(0.50) cents</b>	HK(0.20) cents

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the period	<u>(4,003)</u>	<u>2,938</u>	<u>(11,934)</u>	<u>(5,256)</u>
Other comprehensive income/ (expense):				
Items that may be reclassified subsequently to profit or loss				
– Exchange differences arising on translation of foreign operations during the period	2,285	(281)	(7,146)	(19,793)
Reclassification adjustment				
– Exchange differences relating to foreign operations disposed of during the period	<u>–</u>	<u>348</u>	<u>–</u>	<u>348</u>
Other comprehensive income/ (expense) for the period, net of tax	<u>2,285</u>	<u>67</u>	<u>(7,146)</u>	<u>(19,445)</u>
Total comprehensive income/ (expense) for the period	<u>(1,718)</u>	<u>3,005</u>	<u>(19,080)</u>	<u>(24,701)</u>
Total comprehensive income/ (expense) attributable to:				
Owners of the Company	(1,124)	2,443	(16,748)	(20,630)
Non-controlling interests	<u>(594)</u>	<u>562</u>	<u>(2,332)</u>	<u>(4,071)</u>
	<u>(1,718)</u>	<u>3,005</u>	<u>(19,080)</u>	<u>(24,701)</u>

## NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The Unaudited Condensed Consolidated Financial Statements have been prepared in compliance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKSA 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and in accordance with the applicable disclosure provisions of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation adopted in the preparation of the Unaudited Condensed Consolidated Financial Statements are consistent with those applied for the Group’s annual financial statements for the year ended 31 March 2019.

The preparation of the Unaudited Condensed Consolidated Financial Statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2019. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies and results reported for the current or prior accounting periods.

The Group has not applied the new and revised HKFRSs, which have been issued and are not yet effective, but is in the process of assessing their impact on the Group’s results of operations and financial position.

The financial information are unaudited but have been reviewed by the Company’s audit committee.

## 2. REVENUE

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
<b>Continuing operations</b>				
Turnover				
Operating lease rental income	231	185	720	491
Sales of forestry products	–	6,051	35,943	6,051
Sales of information technology products	7,591	77,780	69,682	129,226
Provision of advertising media services	108,599	–	264,433	–
	<u>116,421</u>	<u>84,016</u>	<u>370,778</u>	<u>135,768</u>
Other revenue				
Bank interest income	3	13	15	16
Sundry income	–	–	11	36
	<u>3</u>	<u>13</u>	<u>26</u>	<u>52</u>
Total revenue from continuing operations	<u>116,424</u>	<u>84,029</u>	<u>370,804</u>	<u>135,820</u>
<b>Discontinued operations</b>				
Turnover				
Landscaping and earth-rock engineering services income	–	–	–	–
Total revenue from discontinued operations	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total revenue for the period	<u><b>116,424</b></u>	<u><b>84,029</b></u>	<u><b>370,804</b></u>	<u><b>135,820</b></u>

### 3. SEGMENT INFORMATION

The Group manages its business by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior management for the purpose of resource allocation and performance assessment, the Group has presented the following four reportable segments.

The Group's operations and reportable segments under HKFRS 8 are as follows:

Property business	Property investment and development, operating and managing residential and commercial properties
Forestry business	Research and growing of forestry products for clean energy sector, cultivation, promotion and application of agricultural technologies
General trading business	Sales of information technology products
Advertising business	Provision of advertising media services
Landscaping and earth-rock engineering business (discontinued on 1 November 2018)	Constructing landscaping projects and earth-rock engineering, maintenance and planting and selling forest trees and flowers

Management monitors the results of the Group's operating segments separately, for the purpose of making decisions about resource allocation and assessment of the Group's performance. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that unallocated corporate income, finance costs and expenses are excluded from such measurement.

All assets are allocated to reportable segments other than goodwill and unallocated corporate assets.

All liabilities are allocated to reportable segments other than income tax payable, convertible notes, deferred tax liabilities and unallocated corporate liabilities.

These segments are managed separately as they belong to different industries and require different operating systems and strategies. There were no sales or other transactions between those reportable segments. Information regarding the Group's reportable segments is presented below:

(a) Segment revenue, profit or loss and other selected financial information

	(Unaudited) Three months ended 31 December 2019					(Unaudited) Nine months ended 31 December 2019				
	Property business	Forestry business	General		Total	Property business	Forestry business	General		Total
			trading business	Advertising business				trading business	Advertising business	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	231	-	7,591	108,599	116,421	720	35,943	69,682	264,433	370,778
Interest income	-	-	1	2	3	-	1	1	2	4
Loss arising from changes in fair value less costs to sell of biological assets	-	608	-	-	608	-	303	-	-	303
Amortisation of right-of-use assets	-	(60)	-	(189)	(249)	-	(60)	-	(331)	(391)
Depreciation	-	(3)	-	(1)	(4)	(2)	(9)	-	(1)	(12)
Total profit/(loss) of reportable segments	57	1,828	(436)	(589)	860	216	(1,555)	274	(502)	(1,567)
Income tax expense	-	-	-	-	-	-	-	-	(3)	(3)

	(Unaudited) Three months ended 31 December 2018					(Unaudited) Nine months ended 31 December 2018				
	Property business	Forestry business	Landscaping and General		Total	Property business	Forestry business	Landscaping and General		Total
			trading business	earth-rock engineering business				trading business	earth-rock engineering business	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	185	6,051	77,780	-	84,016	491	6,051	129,226	-	135,768
Interest income	-	1	-	-	1	-	3	-	-	3
Gain/(loss) arising from changes in fair value less costs to sell of biological assets	-	548	-	-	548	-	(305)	-	-	(305)
Amortisation of right-of-use assets	-	-	-	-	-	-	-	-	-	-
Depreciation	(1)	(12)	-	(31)	(44)	(3)	(42)	-	(383)	(428)
Total profit/(loss) of reportable segments	5	(263)	225	5,967	5,934	(75)	(817)	349	5,304	4,761
Income tax expense	-	-	-	-	-	-	-	-	-	-

(b) Reconciliations of reportable segment revenue and profit or loss

	(Unaudited) Three months ended 31 December 2019		(Unaudited) Nine months ended 31 December 2018	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
Total revenue for reportable segments				
from:				
Continuing operations	116,421	84,016	370,778	135,768
Discontinued operations	-	-	-	-
Consolidated turnover	116,421	84,016	370,778	135,768
Profit or loss				
Total profit/(loss) for reportable segments				
from:				
Continuing operations	860	(33)	(1,567)	(543)
Discontinued operations	-	5,967	-	5,304
Unallocated corporate income	-	13	23	52
Unallocated corporate expenses	(4,969)	(3,107)	(10,701)	(10,368)
Consolidated profit/(loss) before tax	(4,109)	2,840	(12,245)	(5,555)

#### 4. PROFIT/LOSS BEFORE TAX FROM CONTINUING AND DISCONTINUED OPERATIONS

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/loss before tax from continuing and discontinued operations has been arrived at after charging:				
Staff costs (including directors' remuneration)	3,784	1,290	9,375	3,755
Cost of inventories sold	106,831	83,438	356,204	134,904
Amortisation of right-of-use assets	508	–	1,043	–
Depreciation of property, plant and equipment	558	551	1,624	1,995
Operating lease charges in respect of land and buildings	20	508	60	1,477
Imputed interests on convertible notes	643	599	1,903	1,774
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

#### 5. INCOME TAX CREDIT

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax:				
Hong Kong Profits Tax	–	–	–	–
PRC Enterprise Income Tax	–	–	(3)	6
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Deferred tax	106	98	314	293
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Income tax credit for the period	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Income tax credit for the period attributable to:				
Continuing operations	106	98	311	299
Discontinued operations	–	–	–	–
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Hong Kong Profits Tax is calculated at the rate of 8.25% on the first tier of the estimated assessable profit up to HK\$2 million and at the rate of 16.5% on the rest of the estimated assessable profit for the three months and nine months ended 31 December 2019 (three months and nine months ended 30 September 2018: 16.5% on the estimated assessable profit).

Under the Law of the People's Republic of China ("PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate applicable to the PRC subsidiaries is 25%.

No provision for current tax in respect of Hong Kong Profits Tax has been made for the three months and nine months ended 31 December 2019 and 2018 as the Group would have no assessable profit subject to Hong Kong Profits Tax.

## 6. DISCONTINUED OPERATIONS

On 1 November 2018, the Group disposed of Best Sky Holdings Limited ("Best Sky", together with its subsidiaries referred to as "Best Sky Group") which carried out the Group's landscaping and earth-rock engineering business (the "Disposal"). The results of Best Sky Group for the period up to the date of the Disposal are presented below:

	(Unaudited) Three months ended 31 December 2018 <i>HK\$'000</i>	(Unaudited) Nine months ended 31 December 2018 <i>HK\$'000</i>
Revenue	–	–
Expenses	(49)	(712)
Gain on disposal of the landscaping and earth-rock engineering business	6,016	6,016
Profit/(loss) before tax of discontinued operations	5,967	5,304
Income tax credit/(expense)	–	–
Profit/(loss) for the period from discontinued operations	<u>5,967</u>	<u>5,304</u>
Profit/(loss) for the period from discontinued operations attributable to:		
Owners of the Company	5,986	5,653
Non-controlling interests	(19)	(349)
	<u>5,967</u>	<u>5,304</u>
Basis and diluted profit/(loss) per share from discontinued operations	<u>HK(0.25) cents</u>	<u>HK(0.24) cents</u>

Information in relation to the Disposal are set out in the Company's announcements dated 26 June 2018 and 1 November 2018 and circular dated 20 September 2018.

## 7. ACQUISITION OF SUBSIDIARIES

On 18 June 2019, Green Apex Investments Limited (the “Subscriber”), a wholly-owned subsidiary of the Company, entered into a subscription agreement (the “Subscription Agreement”) with Junteng International Limited (the “Target Company”) pursuant to which the Subscriber agreed to subscribe for 51 shares of the Target Company by contributing US\$51 to the Target Company (the “Subscription”) upon completion of the Subscription. The Target Company and its subsidiaries are principally engaged in media related business which mainly consists of the operation of the publication of a rail magazine in China called 廣鐵悅行. The Subscription was completed on 13 August 2019. Upon completion of the Subscription, the Subscriber holds 51% of the enlarged entire issued share capital of the Target Company. As such, the Target Company and its subsidiaries (the “Target Group”) become subsidiaries of the Company and the results of the Target Group are consolidated into the consolidated financial statements of the Group. Details of the Subscription are set out in Company’s announcement dated 18 June 2019.

Losses of approximately HK\$1,449,000 and HK\$2,053,000 attributable to the additional business generated by the Target Group are included in the loss of the Group for the three months and nine months ended 31 December 2019 respectively. Revenues of approximately HK\$242,000 and HK\$293,000 generated from the Target Group are included in the total revenue of the Group for the three months and nine months ended 31 December 2019 respectively.

Had the acquisition been completed on 1 April 2019, the Group’s total revenue for the three months and nine months ended 31 December 2019 would have been approximately HK\$116,421,000 and HK\$371,523,000 respectively, and loss for the three months and nine months ended 31 December 2019 would have been approximately HK\$4,003,000 and HK\$12,929,000 respectively. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2019, nor is it intended to be a projection of future results.

## 8. BASIC AND DILUTED LOSS PER SHARE

The calculation of the basic loss per share is based on the following data:

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
(i) Profit/(loss) for the period attributable to owners of the Company from:				
Continuing operations	(2,949)	(3,332)	(10,539)	(10,334)
Discontinued operations	–	5,986	–	5,653
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Continuing and discontinued operations	(2,949)	2,654	(10,539)	(4,681)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	'000	'000	'000	'000
(ii) Weighted average number of ordinary shares in issue	<u>2,368,936</u>	<u>2,368,936</u>	<u>2,368,936</u>	<u>2,368,936</u>

Diluted loss per share for loss attributable to the owners of the Company for the three months and nine months ended 31 December 2019 and 2018 are the same as basic loss per share because the impact of the exercise of share options and convertible notes are anti-dilutive.

## 9. DIVIDEND

The Board does not recommend the payment of a dividend for the three months and nine months ended 31 December 2019 (three months and nine months ended 31 December 2018: Nil).

## 10. RESERVES AND NON-CONTROLLING INTERESTS

	Reserves attributable to owners of the Company								
	Share premium <i>HK\$'000</i>	Convertible notes equity reserve <i>HK\$'000</i>	Share options reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2018 (audited)	233,339	13,454	11,513	7,334	-	(178,623)	87,017	47,750	134,767
Disposal of subsidiaries (unaudited)	-	-	-	32	-	-	32	1,741	1,773
Total comprehensive expense for the period, net of tax (unaudited)	-	-	-	(15,949)	-	(4,681)	(20,630)	(4,071)	(24,701)
At 31 December 2018 (unaudited)	<u>233,339</u>	<u>13,454</u>	<u>11,513</u>	<u>(8,583)</u>	<u>-</u>	<u>(183,304)</u>	<u>66,419</u>	<u>45,420</u>	<u>111,839</u>

	Reserves attributable to owners of the Company								
	Share premium <i>HK\$'000</i>	Convertible notes equity reserve <i>HK\$'000</i>	Share options reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2019 (audited)	233,339	13,454	11,513	(3,642)	-	(195,645)	59,019	52,942	111,961
Non-controlling interests (unaudited)									
- increase in equity interest in existing subsidiaries	-	-	-	-	1,682	-	1,682	(1,682)	-
- acquisition of new subsidiaries	-	-	-	-	-	-	-	(251)	(251)
- increase in share capital of an existing subsidiary	-	-	-	-	-	-	-	4,057	4,057
Total comprehensive expense for the period, net of tax (unaudited)	-	-	-	(6,209)	-	(10,539)	(16,748)	(2,332)	(19,080)
At 31 December 2019 (unaudited)	<u>233,339</u>	<u>13,454</u>	<u>11,513</u>	<u>(9,851)</u>	<u>1,682</u>	<u>(206,184)</u>	<u>43,953</u>	<u>52,734</u>	<u>96,687</u>

The share premium account of the Company is distributable to the owners of the Company under the Companies Law (2013 Revision) of the Cayman Islands subject to the provisions of the Company's memorandum and articles of association and provided that the Company will be in a position to payoff its debts as they fall due in the ordinary course of business immediately following the date on which the dividend is proposed to be distributed.

The convertible notes equity reserve represents the value of the equity component of unexercised convertible notes issued by the Company with related deferred tax recognised.

The share options reserve represents the fair value of the unexercised share options recognised in accordance with the accounting policy adopted for share-based payments.

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Other reserve represents difference between the consideration paid and the equity interest acquired in subsidiaries that do not result in a change of control.

## 11. RELATED PARTY TRANSACTIONS

Remuneration for key management personnel of the Group, including the Company's directors and certain senior management staff, is as follows:

	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Fees, salaries and other benefits	<b>608</b>	534	<b>1,934</b>	1,659

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results of operations

For the nine months ended 31 December 2019, the Group recorded a turnover of approximately HK\$370,778,000, representing an increase of approximately 2.731 times as compared with a turnover of approximately HK\$135,768,000 for the corresponding period of last year, mainly attributable to the increase in revenue generated from the advertising business.

Loss attributable to owners of the Company was approximately HK\$10,539,000 for the nine months ended 31 December 2019, which was approximately 2.25 times higher than the loss attributable to owners of the Company incurred for the corresponding period of last year of approximately HK\$4,681,000, due to, among others, (i) the increase in administrative and other operating expenses; and (ii) the absence of a non-recurring profit from discontinued operations mainly arising from the gain on disposal of the landscaping and earth-rock engineering business for the nine months ended 31 December 2019.

### Business review and outlook

#### *Advertising Business*

##### – Online Mobile Advertising Business

Shenzhen Zhixunpai Information Technology Company Ltd. (“Shenzhen Zhixunpai”), a subsidiary of the Company, strengthened its collaboration with Baidu Inc. (“Baidu”), Alibaba Group (“Alibaba”) and Tencent Holdings (“Tencent”) (collectively “BAT”) as well as a multitude of mainstream media by growing significantly the mobile advertising and media services it has rendered.

Given the performance of Shenzhen Zhixunpai, a renewed certificate for the year 2020 was granted by a subsidiary of Tencent Holding Ltd. for acting as its only recommended service agent for the advertisement for real estate industry in the Guangdong A District (including Chaozhou, Dongguan, Heyuan, Jieyang, Meizhou, Shantou, Shanwei and Shenzhen, the People’s Republic of China (“PRC”)).

While media focuses on providing innovative advertisement inventories, Shenzhen Zhixunpai consolidates its position as one-stop solutions provider rendering mobile advertising and media services to a multitude of industry leading companies.

Leveraging on its big data and information technology capabilities, Shenzhen Zhixunpai is actively exploring innovative business models that go beyond mobile advertising and media services such as innovative data driven e-commerce and smart retail that could provide additional growth opportunities.

– Railroad Advertising Business

The Group is the only railway magazine operator of China Railway Guangzhou Bureau Group Co., Ltd. (“CRGG”). The main businesses of this sector include: (1) Guangzhou Railway Magazine “Guang Tie Yue Xing”; (2) Guang Tie Yue Xing magazine WeChat mini-program, which can be used to promote products and increase magazine traffic; (3) a WeChat eCommerce platform to sell and market goods and products.

The World Health Organization (WHO) has declared a global health emergency over a new coronavirus. The recent outbreak is severely disrupting China’s economy. In addition to halting factory work, grounding flights and disrupting supply chains, the immediate impact was visible in a drop in the flow of passengers as the government has encouraged people to stay at home, cancelled major public events and restricted travel for tens of millions.

Overall travel on the first day of the Lunar New Year dropped 28.8% from the previous year with a 41.5% drop in rail travel.

With the drop in traffic, it is currently difficult to anticipate how the railway business will be affected in the near future; but the Group will closely monitor the evolution of the situation and make necessary adjustments to its business strategy.

For the three and nine months ended 31 December 2019, revenue generated from the provision of advertising media services was approximately HK\$108,599,000 and HK\$264,433,000 respectively.

***Forestry Business***

The Group has been managing and operating its forestry business by continuously monitoring the market potentials of different forestry products which are compatible with the Group’s seedling technology and forestry area, evaluating and adjusting the Group’s forestry product portfolio from time to time. The Group has started to focus on the cultivation of Cistanche with increase in use of its forestry area.

For the three and nine months ended 31 December 2019, revenue generated from the sales of the forestry products was nil (while next harvest will be carried out in the last quarter) and HK\$35,943,000 respectively. The Group expects more revenue will be generated from sales of Cistanche and other forestry products, as the transitional period of the adjustment of the forestry product portfolio goes by.

### ***General Trading Business***

The Group provides a one-stop supply chain solution for the market-driven customers providing them with the most cost-effective solutions to meet their procurement needs. The Group offers a wide range of bespoke services and solutions including product bundle optimization, ordering and sourcing, customs clearance and logistics management to help the customers to seek the finest procurable options in the market based on the customers' respective specifications.

The Group has already started restructuring its product portfolio by gradually reducing less competitive products such as smartphones and has increased its focus on power source products such as uninterruptible power systems ("UPS") and batteries.

Uncertainty over the coronavirus has disrupted global trade and supply chains, depressed asset prices. Supply chain operations are deeply affected by new or extensions of existing city lockdowns and delayed restart of manufacturing activities in the affected areas and beyond. In this context, our supply chain operations might be impacted down the road depending on the possibility of further lockdowns or lower productivity due to labor shortage even if the Group is not directly reliant on operations in the most affected areas.

The Group will proactively explore new investment opportunities in order to further diversify its activities to strengthen and broaden the revenue bases by introducing different lines of products and marketing channels to extend its trading business and development in upstream and downstream supply chain.

For the three and nine months ended 31 December 2019, revenue generated from the sales of information technology products was approximately HK\$7,591,000 and HK\$69,682,000 respectively.

### ***Property Business***

The Group owns a property which comprises a residential and commercial development site with a site area of approximately 3,111.96 square meters ("sq.m.") located at Leshan City, Sichuan Province, the PRC. The property has a gross floor area of approximately 28,251.82 sq.m. (inclusive of a basement floor) and comprises four portions with different functions, namely residential, commercial, basement car park and facilities.

The leasing of the commercial portion of the property has commenced and the Group expects to commence the selling programme of part of the residential portion of the property and the leasing of certain residential portion of the property and/or basement car park area when the property market appears to revive with loose policy environment.

For the three and nine months ended 31 December 2019, revenue derived from short term leasing of the commercial portion of the property was approximately HK\$231,000 and HK\$720,000 respectively.

## OUTLOOK

The recent outbreak of Coronavirus is likely to have a lasting impact on the global economy, especially in China where most industries shut down over the two weeks around the lunar new year. A majority of factories were not expected to open again until 14 February as a precaution and tens of millions of people remained locked down in dozens of cities across the country. Associated with other events such as Brexit and the US Presidential election in November, it will put additional uncertainties and financial pressure on the economy and general outlook for business. The Group will remain conservative and prudent towards its profitability in the coming months. Nevertheless, the Directors have taken measures to mitigate the impact of an economic downturn and will formulate necessary strategies and take further actions to enhance the long-term profitability and sustainability of the Group. Different funding sources in the market will be considered from time to time with a view to strengthen the Company's capital base.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2019, the Group's cash and bank deposits amounted to approximately HK\$16,975,000 which has decreased by approximately 47.62% when comparing with the cash and bank deposits of approximately HK\$32,405,000 as at 31 March 2019.

As at 31 December 2019, the Group had net current assets of approximately HK\$94,037,000 (31 March 2019: HK\$111,003,000).

Most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars, United States dollars and Renminbi. The Group adopted a conservative treasury policy with almost all bank deposits being kept in Hong Kong dollars or in Renminbi of the PRC operating subsidiaries to minimise exposure to foreign exchange risks. The Group is closely monitoring the movement of the foreign currency rate and will consider hedging significant foreign currency exposure should the need arise. As at 31 December 2019, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes.

The share capital of the Company as at 31 December 2019 is as follows:

	<b>Number of shares '000</b>	<b>Amount HK\$'000</b>
Authorised	<u>30,000,000</u>	<u>300,000</u>
Issued and fully paid	<u>2,368,936</u>	<u>23,689</u>

No new shares of the Company were allotted and issued during the nine months ended 31 December 2019.

## GEARING RATIO

The Group's gearing ratio, which was defined as the ratio of net debt (borrowings less cash and cash equivalents) to equity, was approximately 125.31% as at 31 December 2019 (31 March 2019: 81%).

The increase in gearing ratio as at 31 December 2019 as compared to that of 31 March 2019 is mainly attributable to the decrease in cash and bank deposits.

## CONTINGENT LIABILITIES

As at 31 December 2019, the Group did not have any material contingent liabilities (31 March 2019: Nil).

## SHARE OPTION SCHEME

The Company has adopted a new share option scheme at the annual general meeting of the Company held on 3 August 2012 (the "2012 Share Option Scheme") which is valid and effective for a period of 10 years commencing on 3 August 2012, upon the termination of the share option scheme adopted at the annual general meeting of the Company held on 2 August 2002 (the "2002 Share Option Scheme"), under which selected persons, such as the directors, employees, suppliers of goods or services, customers or distributors of the Group and any invested entity of the Group, may take up options to subscribe for shares in the Company subject to the terms and conditions stipulated in the 2012 Share Option Scheme. The maximum number of shares which can be granted under the 2012 Share Option Scheme may not exceed 10% of the issued share capital of the Company at the time of granting of the option or at the date of approval by the shareholders in general meeting where the limit is refreshed.

No option was granted under the 2012 Share Option Scheme during the nine months ended 31 December 2019.

Movements in the number of share options, granted under the 2012 Share Option Scheme, outstanding and their related weighted average exercise prices are as follows:

Participants	Date of grant	Exercisable period	Exercise price per share	No. of underlying shares comprised in option					As at 31 December 2019
				As at 1 April 2019	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	
Employees of the Group	4 February 2016	4 February 2016 – 6 January 2026	HK\$0.264	33,600,000	-	-	(11,200,000)	-	22,400,000
Consultants	4 February 2016	4 February 2016 – 6 January 2026	HK\$0.264	78,400,000	-	-	-	-	78,400,000
				<u>112,000,000</u>	<u>-</u>	<u>-</u>	<u>(11,200,000)</u>	<u>-</u>	<u>100,800,000</u>

Other than as disclosed above, no other share option was granted, exercised, lapsed or cancelled pursuant to the 2012 Share Option Scheme and none of the Directors or chief executive of the Company or their respective spouses or children under 18 years of age were granted or exercised any right to subscribe for any equity or debt securities of the Company or any of its associated corporations within the meaning of the Securities and Future Ordinance (“SFO”).

## **CORPORATE GOVERNANCE PRACTICES**

The Company has applied the principles in and complied with the requirements of the Corporate Governance Code (“CG Code”) as set out in Appendix 15 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) throughout the nine months ended 31 December 2019.

## **BOARD OF DIRECTORS**

The Board comprised three executive Directors, namely Mr. Zhang Yanqiang, Ms. Yang Wei and Mr. Gu Zhonghai (appointed on 9 August 2019), one non-executive Director, namely Ms. Ng Mui King, Joky (chairman of the Board), and three independent non-executive Directors, namely, Mr. Chung Koon Yan, Ms. Zhao Yongmei and Dr. Yang Fuyu.

The Board is responsible for reviewing, evaluating and finalising the Company’s strategies and policies, annual budgets, business plans and performance, and has full access to adequate, reliable and timely information on the Group so as to enable them to make a timely decision. The Board also has the collective responsibility for leadership and control of, and for promoting the success of, the Group by directing and supervising the Group’s affairs.

## **BOARD COMMITTEES**

The Board has established three committees in accordance with the CG Code, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. These committees are provided with sufficient resources to discharge their duties and are able to seek independent professional advice when appropriate and upon request.

## **AUDIT COMMITTEE**

The Audit Committee comprised three independent non-executive Directors, namely Mr. Chung Koon Yan (chairman of the Audit Committee), Ms. Zhao Yongmei and Dr. Yang Fuyu. The Audit Committee meets with the Group’s senior management regularly to review the effectiveness of the internal control system and the quarterly, interim and annual reports of the Group.

## NOMINATION COMMITTEE

The Nomination Committee comprised one executive Director, namely Ms. Zhang Yanqiang (chairman of the Nomination Committee), and two independent non-executive Directors, namely Ms. Zhao Yongmei and Dr. Yang Fuyu. The Nomination Committee reviews the composition of the Board and nominates suitably qualified candidates to the Board, if necessary.

## REMUNERATION COMMITTEE

The Remuneration Committee comprised one non-executive Director, namely Ms. Ng Mui King, Joky, and two independent non-executive Directors, namely Ms. Zhao Yongmei (chairman of the Remuneration Committee) and Dr. Yang Fuyu. The Remuneration Committee reviews and determines the policy for the remuneration of directors and senior management of the Group.

## INTERESTS OF DIRECTORS

As at 31 December 2019, the interests and short positions of the Directors or chief executive of the Company in the shares, the underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO), required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

### Long Position in Shares and Underlying Shares of The Company

Name of Director	Number of ordinary shares of HK\$0.01 each and the underlying shares			Approximate percentage of the issued share capital of the Company
	Personal interest	Corporate interest	Total number of shares	
Ms. Ng Mui King, Joky	–	337,920,000 (Note)	337,920,000	14.26%

*Note:*

These shares are held by Gold City Assets Holdings Ltd. of which Ms. Ng Mui King, Joky is the beneficial owner.

Save as disclosed above, as at 31 December 2019, none of the Directors and chief executive of the Company had interests and short positions in the shares, the underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO), required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES**

Save as disclosed above, at no time during the nine months ended 31 December 2019 was any of the Company or its subsidiaries a party to any arrangements to enable the Directors or chief executives of the Company (including their spouses or children under 18 years of age) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## **INTEREST OF SUBSTANTIAL SHAREHOLDERS AND OTHER SHAREHOLDERS**

As at 31 December 2019, save as disclosed below, so far is known to the Directors and chief executives of the Company, no person (other than a Director or a chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO or, who is directly or indirectly, interested in 5% or more of the issued share capital of the Company.

### **Long Position in Shares of The Company**

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Nature of interest</b>	<b>Total number of ordinary shares of HK\$0.01 each</b>	<b>Approximate percentage of the issued share capital of the Company</b>
Gold City Assets Holdings Ltd. (Note 1)	Beneficial owner	Corporate	337,920,000	14.26%
Mr. Huang Shih Tsai (Note 2)	Beneficial owner	Personal	155,000,000	6.54%

#### *Notes:*

1. Gold City Assets Holdings Ltd. is a company incorporated in the British Virgin Islands of which the issued share capital is beneficially owned by Ms. Ng Mui King, Joky, a non-executive director of the Company.
2. The shares held by Mr. Huang Shih Tsai ("Mr. Huang") were allotted on 15 August 2011 as partial consideration for the acquisition of 100% equity interest in a company wholly-owned by Mr. Huang.

## **COMPETING INTEREST**

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company (as defined in the GEM Listing Rules) nor any of their respective close associates that competes or may compete, either directly or indirectly, with the business of the Group or any other conflict of interest which any such person has or may have with the Group during the nine months ended 31 December 2019.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

The Company had not redeemed any of its shares during the nine months ended 31 December 2019. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's shares during the nine months ended 31 December 2019.

## **CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding the directors' transaction in securities of the Company. Having made specific enquiry of all Directors, each of the Directors has confirmed that he/she has complied with the required standard of dealings as set out in the adopted code of conduct regarding the directors' securities transaction throughout the nine months ended 31 December 2019.

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

Hong Kong, 14 February 2020

*As at the date of this announcement, the Board comprises (i) three executive Directors, namely Mr. Zhang Yanqiang, Ms. Yang Wei and Mr. Gu Zhonghai; (ii) one non-executive Director, namely Ms. Ng Mui King, Joky; and (iii) three independent non-executive Directors, namely Mr. Chung Koon Yan, Ms. Zhao Yongmei and Dr. Yang Fuyu.*