



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 2020**

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

- Revenue was approximately HK\$125,800,000 and HK\$363,395,000 for the three months and nine months ended 31 December 2020 respectively, compared with the revenue of approximately HK\$116,421,000 and HK\$370,778,000 for the corresponding periods of last year.
- Loss attributable to owners of the Company was approximately HK\$1,523,000 and HK\$9,700,000 for the three months and nine months ended 31 December 2020 respectively, versus the loss attributable to owners of the Company of approximately HK\$2,949,000 and HK\$10,539,000 for the corresponding periods of last year.
- The board of directors (the “Board”) does not recommend the payment of a quarterly dividend for the nine months ended 31 December 2020 (nine months ended 31 December 2019: 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 2020, 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

	Notes	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
		2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Revenue	2	125,800	116,421	363,395	370,778
Cost of sales		(105,457)	(106,831)	(327,716)	(356,252)
Gross profit		20,343	9,590	35,679	14,526
Other gains or losses	3	(346)	3	(9,192)	26
Gain/(loss) arising from changes in fair value less costs to sell of biological assets		(4,436)	608	(4,568)	303
Selling and distribution costs		(3,479)	(1,728)	(4,561)	(2,141)
Administrative and other operating expenses		(11,201)	(11,619)	(21,230)	(22,701)
Finance costs		(226)	(963)	(986)	(2,258)
Profit/(loss) before tax	5	655	(4,109)	(4,858)	(12,245)
Income tax	6	–	106	(1,500)	311
Profit/(loss) for the period		655	(4,003)	(6,358)	(11,934)
Profit/(loss) for the period attributable to:					
Owners of the Company		(1,523)	(2,949)	(9,700)	(10,539)
Non-controlling interests		2,178	(1,054)	3,342	(1,395)
		655	(4,003)	(6,358)	(11,934)
Basic and diluted loss per share	7	HK(0.05) cents	HK(0.12) cents	HK(0.28) cents	HK(0.44) cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 December		31 December	
	2020	2019	2020	2019
	HK\$'000	<i>HK\$'000</i>	HK\$'000	<i>HK\$'000</i>
Profit/(loss) for the period	<u>655</u>	<u>(4,003)</u>	<u>(6,358)</u>	<u>(11,934)</u>
Other comprehensive income/(loss):				
Items that may be reclassified				
subsequently to profit or loss				
– Exchange differences arising				
on translation of foreign				
operations during the period	<u>4,152</u>	<u>2,285</u>	<u>8,808</u>	<u>(7,146)</u>
Other comprehensive income/(loss)				
for the period, net of tax	<u>4,152</u>	<u>2,285</u>	<u>8,808</u>	<u>(7,146)</u>
Total comprehensive income/(loss)				
for the period	<u>4,807</u>	<u>(1,718)</u>	<u>2,450</u>	<u>(19,080)</u>
Total comprehensive income/(loss)				
attributable to:				
Owners of the Company	<u>3,602</u>	<u>(1,124)</u>	<u>(1,110)</u>	<u>(16,748)</u>
Non-controlling interests	<u>1,205</u>	<u>(594)</u>	<u>3,560</u>	<u>(2,332)</u>
	<u>4,807</u>	<u>(1,718)</u>	<u>2,450</u>	<u>(19,080)</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 2020.

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 2020. 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)		(Unaudited)	
	Three months ended		Nine months ended	
	31 December		31 December	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Provision of mobile advertising media services	125,169	108,599	307,063	264,433
Sales of agricultural, forestry and consumer products	334	–	40,755	35,943
Sales of industrial, information technology and other products	–	7,591	14,796	69,682
Rental income	297	231	781	720
	<u>125,800</u>	<u>116,421</u>	<u>363,395</u>	<u>370,778</u>

3. OTHER GAINS OR LOSSES

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 December		31 December	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank interest income	5	3	11	15
Loss arising from treasury investment	(55)	–	(55)	–
Government subsidy	265	–	1,050	–
Provision for impairment loss recognised in respect of trade and other receivables	(561)	–	(10,198)	–
Sundry income	–	–	–	11
	<u>(346)</u>	<u>3</u>	<u>(9,192)</u>	<u>26</u>

4. SEGMENT INFORMATION

The Group manages its businesses 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 are as follows:

Intelligent advertising and railroad media business	Provision of mobile advertising media services for intelligent advertising and property market customers in the PRC, railroad magazine distribution and e-commerce platform management, advertising and product sales services
Agricultural, forestry and consumer products business	Cultivation of forestry and wood material products, Chinese herbal medicine ingredients and specialty agricultural by-products, sales of processed and pre-packaged food/consumer products
Supply-chain business	Sales of industrial, information technology and other products as well as related R&D and product manufacturing activities
Property business	Property investment and development, operating and managing residential and commercial properties

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 profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that unallocated 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 2020					(Unaudited) Nine months ended 31 December 2020				
	Intelligent advertising and railroad media business HK\$'000	Agricultural, forestry and consumer products business HK\$'000	Supply-chain business HK\$'000	Property business HK\$'000	Total HK\$'000	Intelligent advertising and railroad media business HK\$'000	Agricultural, forestry and consumer products business HK\$'000	Supply-chain business HK\$'000	Property business HK\$'000	Total HK\$'000
Revenue from external customers	125,169	334	-	297	125,800	307,063	40,755	14,796	781	363,395
Bank interest income	4	-	-	-	4	9	-	-	-	9
Depreciation of property, plant and equipment	(4)	(1)	-	-	(5)	(13)	(8)	-	(2)	(23)
Depreciation of right-of-use assets	(197)	-	-	-	(197)	(570)	-	-	-	(570)
Loss arising from changes in fair value less costs to sell of biological assets	-	(4,436)	-	-	(4,436)	-	(4,568)	-	-	(4,568)
Provision for impairment loss recognised in respect of trade and other receivables	(575)	-	14	-	(561)	(783)	(9,383)	(32)	-	(10,198)
Total profit/(loss) of reportable segments	6,610	(435)	(205)	83	6,053	12,079	(10,324)	127	184	2,066
Income tax	-	-	-	-	-	(1,500)	-	-	-	(1,500)

	(Unaudited) Three months ended 31 December 2019					(Unaudited) Nine months ended 31 December 2019				
	Intelligent advertising and railroad media business HK\$'000	Agricultural, forestry and consumer products business HK\$'000	Supply-chain business HK\$'000	Property business HK\$'000	Total HK\$'000	Intelligent advertising and railroad media business HK\$'000	Agricultural, forestry and consumer products business HK\$'000	Supply-chain business HK\$'000	Property business HK\$'000	Total HK\$'000
Revenue from external customers	108,599	-	7,591	231	116,421	264,433	35,943	69,682	720	370,778
Bank interest income	2	-	1	-	3	2	1	1	-	4
Depreciation of property, plant and equipment	(1)	(3)	-	-	(4)	(1)	(9)	-	(2)	(12)
Depreciation of right-of-use assets	(189)	(60)	-	-	(249)	(331)	(60)	-	-	(391)
Loss arising from changes in fair value less costs to sell of biological assets	-	608	-	-	608	-	303	-	-	303
Total profit/(loss) of reportable segments	(589)	1,828	(436)	57	860	(502)	(1,555)	274	216	(1,567)
Income tax	-	-	-	-	-	(3)	-	-	-	(3)

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

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Revenue				
Total revenue for reportable segments	<u>125,800</u>	<u>116,421</u>	<u>363,395</u>	<u>370,778</u>
Consolidated revenue	<u><u>125,800</u></u>	<u><u>116,421</u></u>	<u><u>363,395</u></u>	<u><u>370,778</u></u>
Profit or loss before tax				
Total profit/(loss) for reportable segments	<u>6,053</u>	<u>860</u>	<u>2,066</u>	<u>(1,567)</u>
Unallocated corporate income	<u>215</u>	<u>–</u>	<u>1,006</u>	<u>23</u>
Unallocated corporate expenses	<u>(5,613)</u>	<u>(4,969)</u>	<u>(7,930)</u>	<u>(10,701)</u>
Consolidated profit/(loss) before tax	<u><u>655</u></u>	<u><u>(4,109)</u></u>	<u><u>(4,858)</u></u>	<u><u>(12,245)</u></u>

5. PROFIT/LOSS BEFORE TAX

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Profit/loss before tax has been arrived at after charging:				
Staff costs (including directors' remuneration)	<u>3,482</u>	<u>3,784</u>	<u>11,250</u>	<u>9,375</u>
Cost of inventories sold	<u>105,457</u>	<u>106,831</u>	<u>327,716</u>	<u>356,204</u>
Depreciation of property, plant and equipment	<u>571</u>	<u>558</u>	<u>1,660</u>	<u>1,624</u>
Depreciation of right-of-use assets	<u>458</u>	<u>508</u>	<u>1,352</u>	<u>1,043</u>
Short-term lease payments	<u>256</u>	<u>20</u>	<u>726</u>	<u>60</u>
Imputed interests on convertible notes	<u>–</u>	<u>643</u>	<u>–</u>	<u>1,903</u>

6. INCOME TAX

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax:				
Hong Kong Profits Tax	–	–	–	–
PRC Enterprise Income Tax	–	–	(1,500)	(3)
	–	–	(1,500)	(3)
Deferred tax	–	106	–	314
Income tax credit/(expense) for the period	–	106	(1,500)	311

Hong Kong Profits Tax is calculated at the rate of 16.5% (three months and nine months ended 31 December 2019; 16.5%) on the estimated assessable profit for the three months and nine months ended 31 December 2020.

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% (three months and nine months ended 31 December 2019; 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 2020 and 2019 as the Group would have no assessable profit subject to Hong Kong Profits Tax.

7. 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	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
(i) Loss for the period attributable to owners of the Company	(1,523)	(2,949)	(9,700)	(10,539)
	'000	'000	'000	'000
(ii) Weighted average number of ordinary shares	3,252,716	2,368,936	3,414,779	2,368,936

Diluted loss per share for loss attributable to the owners of the Company for the three months and nine months ended 31 December 2020 and 2019 are the same as basic loss per share because the calculation of diluted loss per share does not assume the exercise of the outstanding share options and the conversion of convertible notes of the Company, if any, as they had an anti-dilutive effect to the basic loss per share.

8. RESERVES AND NON-CONTROLLING INTERESTS

	Reserves attributable to owners of the Company							Non-controlling interests	Total
	Share premium	Convertible notes equity reserve	Share options reserve	Translation reserve	Other reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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>
	Reserves attributable to owners of the Company								
	Share premium	Convertible notes equity reserve	Share options reserve	Translation reserve	Other reserve	Accumulated losses	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2020 (audited)	275,467	-	10,362	(9,849)	-	(224,552)	51,428	43,904	95,332
Total comprehensive loss for the period (unaudited)	-	-	-	8,590	-	(9,700)	(1,110)	3,560	2,450
Lapse of share options (unaudited)	-	-	(8,059)	-	-	8,059	-	-	-
Subscription of new shares (unaudited)	5,211	-	-	-	-	-	5,211	-	5,211
At 31 December 2020 (unaudited)	<u>280,678</u>	<u>-</u>	<u>2,303</u>	<u>(1,259)</u>	<u>-</u>	<u>(226,193)</u>	<u>55,529</u>	<u>47,464</u>	<u>102,993</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.

9. RELATED PARTY TRANSACTIONS

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

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 December		31 December	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Fees, salaries and other benefits	611	608	1,834	1,934

10. DIVIDEND

The board of directors of the Company does not recommend the payment of a dividend for the three months and nine months ended 31 December 2020 (three months and nine months ended 31 December 2019: Nil).

11. SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 27 April 2020, the Company entered into a subscription agreement (the "Subscription"), pursuant to which the Company had agreed to issue and allot 473,780,000 shares at a subscription price of HK\$0.021 per share. The Subscription was completed on 11 May 2020 and generated a net proceeds of approximately HK\$9,780,000 to be used as general working capital.

MANAGEMENT DISCUSSION AND ANALYSIS

Results of operations

For the nine months ended 31 December 2020, the Group recorded a total revenue of approximately HK\$363,395,000, representing a slight decrease of approximately 1.99% as compared with a total revenue of approximately HK\$370,778,000 for the corresponding period of last year.

Loss attributable to owners of the Company was approximately HK\$9,700,000 for the nine months ended 31 December 2020, which was approximately 7.96% lower than the loss attributable to owners of the Company incurred for the corresponding period of last year of approximately HK\$10,539,000 mainly due to, among others, the increase in gross profit for the nine months ended 31 December 2020.

Business review and outlook

Intelligent Advertising and Railroad Media Business

– Intelligent Advertising Business

Shenzhen Zhixunpai Information Technology Company Ltd. (“Shenzhen Zhixunpai”), a subsidiary of the Company, continues to expand its collaboration with a multitude of mainstream media by growing significantly the intelligent advertising and media services it has rendered.

In the first half of 2020, the global economy was severely impacted by the COVID-19 pandemic but the demand for online marketing steadily increased due to forced digital transformation of enterprises. Overall, the intelligent advertising business has achieved growth thanks to aggressive advertising from key industries such as real estate, games and internet services, e-commerce and education. The Company’s strategy still follows two critical paths: (1) consolidating its position as a leading service provider of intelligent advertising and targeted marketing by diversifying its partnerships with more advertisers and media resources while maintaining its key partnership with Tencent Ads; and (2) development and implementation of advanced big data analytics and AI technology that improves significantly its online targeting capability. Shenzhen Zhixunpai will keep focusing on innovations that bring more value to the customers and be an industry leader by maximizing returns for its customers.

Shenzhen Zhixunpai is investigating other verticals such as insurtech and real estate where its AI and big data analytics capabilities will provide a competitive edge. Development of such verticals will bring additional growth opportunities and broaden its income sources while creating additional synergies between the Group’s various businesses.

– Railroad Media Business

The main businesses of this segment include: (1) Guangzhou Railway Magazine – Guang Tie Yue Xing; (2) Guang Tie Yue Xing magazine WeChat mini-app, which can be used to promote products and increase magazine traffic; and (3) a WeChat e-commerce platform to sell and market goods and products.

We are the only railway magazine operator of China Railway Guangzhou Bureau Group Co., Ltd. The railway routes include: Guangzhou, Shenzhen, Hong Kong, Changsha, Wuhan, Zhengzhou, Shijiazhuang, Beijing, Lanzhou, Xi'an, Chongqing, Chengdu, Guilin, Nanning, Guiyang, Kunming, Hefei, Nanjing, Hangzhou, Shanghai, Nanchang, Jinhua, Wenzhou, Fuzhou, Xiamen and other developed cities in the Pearl River Delta, servicing more than 400 million business travellers.

The Group is still exploring new opportunities to provide on-board services such as supply of food and beverage as well as development of on-board shopping capabilities in combination of its experience of intelligent advertising capabilities.

The Group will keep improving its technological capabilities while leveraging its media resources to create an AI-powered intelligent marketing ecosystem that can provide packaged online and offline solutions to help customers face the post-COVID challenges. The Group will also expand organically into new business segments by harnessing the technological capabilities that have been developed.

For the three and nine months ended 31 December 2020, revenue generated from the provision of intelligent advertising and railroad media services was approximately HK\$125,169,000 and HK\$307,063,000 respectively.

Agricultural, Forestry and Consumer Products Business

The COVID-19 pandemic combined with unfavorable weather conditions caused significant disruptions to the Group's plans for the cultivation and sales of Cistanche. Labour shortage and damages caused by severe weather conditions impacted cultivation yield. The economic slowdown caused a diminished consumer demand, putting a downward pressure on Cistanche prices.

In order to hedge the impact of the pandemic on the cultivation and prices of produce, the Group is focused on developing consumer-end products. The Group has put in place a pipeline with lines of own-brand products such as healthy food and snacks as well as well-being and self-care products such as essential oil. The Group is also actively exploring innovations in the well-being sectors with new products under development.

Leveraging its media and e-commerce capabilities, the Group is developing its own e-commerce omni-channels in order to gain larger market access and boost sales of its own-brand products.

For the three and nine months ended 31 December 2020, revenue generated from the sales of agricultural, forestry and consumer products was approximately HK\$334,000 and HK\$40,755,000 respectively. The Group expects more revenue will be generated from sales of agricultural, forestry and consumer products once the impact of the pandemic starts to dissipate, and the macro environment is once again more favourable.

Supply-Chain 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' own specifications.

The Group maintains a high standard for supply-chain risk management, closely observing industries of interest to seize potential investment opportunities in order to diversify its product portfolio further and broaden the income sources. The disruptions of the pandemic are still deeply felt in various industries but consumer spending has been on a recovery trend. Paying particular attention to the consumer market, the Group is actively exploring mass-market product segments where its network of suppliers and manufacturers will bring a significant edge. As home has become the new hub with most of lives activities happening within, the Group has focused its efforts on home-related products, especially furniture and home accessories where the demand has been on the rise around the world.

Our management is actively seeking new investment opportunities around the world and starting to examine the development of its own-brand products to increase the profitability while creating new lines of products with strong branding. With markets around the world in a recovery trend, the Group will aim to make a breakthrough in the coming year by offering high-demand products through acquisition of promising intellectual property and in house development capabilities while developing cross-border omni-channel retail capabilities.

For the three and nine months ended 31 December 2020, revenue generated from the supply-chain business, mainly attributable to sales of industrial, information technology and other products, was nil and approximately HK\$14,796,000 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 4 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 2020, revenue derived from short-term leasing of the commercial portion of the property was approximately HK\$297,000 and HK\$781,000 respectively.

OUTLOOK

The global economy has so far only achieved a fragile recovery from the depths of the pandemic. With another wave of coronavirus undermining efforts to return to normal, most countries have a long way to go before output reaches pre-pandemic levels.

Manufacturing has recovered strongly, boosting world trade and household spending has generally remained strong with consumer habits heavily shifting towards digital channels.

Signs of a consumption revival have become increasingly prominent in China, as retail sales rose by 4.6 percent year on year in the fourth quarter of 2020. It bounced back from the dramatic contraction in the first two quarters and displayed sustained recovery momentum.

The unprecedented epidemic has had a profound impact on Chinese consumers’ shopping habits and preferences. Store shutdowns and social-distancing made Chinese consumers more dependent on online platforms for shopping.

China ranked as the world’s largest online retail market for an eighth straight year in 2020, with online sales surging by 14.8 percent year on year to RMB9.8 trillion (about USD1.52 trillion). This is an opportunity the Group will seize with the optimization of its product portfolio and development of online sales channels.

Impacted by the epidemic-induced travel restrictions, Chinese consumers no longer traveled as much to buy international brands abroad, but their thirst for foreign goods is still real. Official data showed China’s imports of consumer goods rose by 8.2 percent year on year to RMB1.57 trillion in 2020, accounting for 11 percent of the country’s total value of imports. The growth partly resulted from the country’s expanding cross-border e-commerce business, which rocketed by 31.1 percent from a year ago in aggregate import-export volume.

To mitigate the risks posed as a supply chain solution provider, the Group will seek technology investment opportunities that would enable the development of its own-brand products and could get involved directly in the manufacturing phase upstream and the distribution and retail downstream to secure a larger share of the profit and leverage its extensive experience in digital marketing to build omni-channel e-commerce capabilities.

Our long-term strategy is the development of own-brand products and global distribution network as well as investing in global supply-chain, advertising business and other high growth potential businesses.

Online business development is key in the digital transformation of businesses across industries in a recovering post-pandemic world. The Group will keep focusing on its intelligent advertising business and explore growth channels such as insurtech and digital healthcare solutions by applying its technology capabilities and know-how.

The Group will remain conservative and prudent towards its profitability in the coming months. Nevertheless, we 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.

The share capital of the Company as at 31 December 2020 is as follows:

	Number of shares ('000)	Amount (HK\$'000)
Authorised	<u>30,000,000</u>	<u>300,000</u>
Issued and fully paid	<u>3,252,716</u>	<u>32,527</u>

On 11 May 2020, 473,780,000 shares were issued and allotted at a subscription price of HK\$0.021 per share pursuant to a subscription agreement entered into by the Company on 27 April 2020 (the “Subscription”). Details of the Subscription have been disclosed in the Company’s announcement issued on 27 April 2020.

GEARING RATIO

The Group’s gearing ratio, which was defined as the ratio of net debt (long-term borrowings less cash and cash equivalents) to equity, was approximately 64% as at 31 December 2020 (31 March 2020: 76%).

The decrease in gearing ratio as at 31 December 2020 as compared to that of 31 March 2020 is mainly attributable to the increase in cash and bank deposits.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group did not have any material contingent liabilities (31 March 2020: 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 2020.

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

Participants	Date of grant	Exercisable period	Exercise price per share	No. of underlying shares comprised in option					As at 31 December 2020
				As 1 April 2020	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	
Employees and others (in aggregate)	4 February 2016	4 February 2016 – 6 January 2026	HK\$0.264	100,800,000	-	-	78,400,000	-	22,400,000

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 2020.

BOARD OF DIRECTORS

The board of directors (the “Board”) of the Company comprised four executive Directors, namely Mr. Zhang Yanqiang, Ms. Yang Wei, Mr. Gu Zhonghai and Mr. Zhao Xinyan (appointed on 16 October 2020), 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 Mr. 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 executive Director, namely Mr. Zhao Xinyan (appointed on 16 October 2020 when Ms. Ng Mui King, Joky, a non-executive Director, ceased to be a member of the Remuneration Committee), 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 2020, 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 1)	337,920,000	10.39%
Mr. Zhao Xinyan	–	491,280,000 (Note 2)	491,280,000	15.10%

Notes:

1. These shares are held by Gold City Assets Holdings Ltd. of which Ms. Ng Mui King, Joky is the beneficial owner.
2. These share are held by Win Bless Limited of which Mr. Zhao Xinyan is the beneficial owner.

Save as disclosed above, as at 31 December 2020, 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 2020 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 2020, 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

Name of shareholder	Capacity	Nature of interest	Total number of ordinary shares of HK\$0.01 each	Approximate percentage of the issued share capital of the Company
Gold City Assets Holdings Ltd. <i>(Note 1)</i>	Beneficial owner	Corporate	337,920,000	10.39%
Ms. Lin Shunping <i>(Note 2)</i>	Beneficial owner	Personal	199,000,000	6.12%
Win Bless Limited <i>(Note 3)</i>	Beneficial owner	Corporate	491,280,000	15.10%

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 Ms. Lin Shunping were issued on 27 March 2020 pursuant to the convertible notes issued by the Company on 30 March 2015.
3. Win Bless Limited is a company incorporated in Hong Kong which is wholly-owned by Mr. Zhao Xinyan who has been appointed as an executive director of the Company on 16 October 2020.

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 2020.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company had not redeemed any of its shares during the nine months ended 31 December 2020. 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 2020.

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 2020.

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

Hong Kong, 10 February 2021

As at the date of this announcement, the Board comprises (i) four executive Directors, namely Mr. Zhang Yanqiang, Ms. Yang Wei, Mr. Gu Zhonghai and Mr. Zhao Xinyan; (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.