



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 2022**

**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

- Revenue was approximately HK\$30,667,000 and HK\$137,039,000 for the three months and nine months ended 31 December 2022 respectively, compared with the revenue of approximately HK\$66,363,000 and HK\$291,024,000 for the corresponding periods of last year.
- Loss attributable to owners of the Company was approximately HK\$17,447,000 and HK\$30,974,000 for the three months and nine months ended 31 December 2022 respectively, versus the loss attributable to owners of the Company of approximately HK\$5,692,000 and HK\$14,234,000 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 2022 (nine months ended 31 December 2021: 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 2022, 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	
		2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	2	30,667	66,363	137,039	291,024
Cost of sales		(27,905)	(60,274)	(126,168)	(238,614)
Gross profit		2,762	6,089	10,871	52,410
Other gains/(losses)	3	(806)	982	(840)	(8,012)
Gain/(loss) arising from changes in fair value less costs to sell of biological assets		1,316	648	(368)	(6,387)
Selling and distribution costs		(721)	(1,482)	(1,774)	(4,198)
Administrative and other operating expenses		(15,931)	(15,332)	(31,807)	(47,384)
Finance costs		(64)	(441)	(198)	(829)
Loss before tax	5	(13,444)	(9,536)	(24,116)	(14,400)
Income tax	6	22	10	43	46
Loss for the period		(13,422)	(9,526)	(24,073)	(14,354)
Loss for the period attributable to:					
Owners of the Company		(17,447)	(5,692)	(30,974)	(14,234)
Non-controlling interests		4,025	(3,834)	6,901	(120)
		(13,422)	(9,526)	(24,073)	(14,354)
Basic and diluted loss per share	7	HK(5.28) cents	HK(1.72) cents	HK(9.38) cents	HK(4.32) cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	<u>(13,422)</u>	<u>(9,526)</u>	<u>(24,073)</u>	<u>(14,354)</u>
Other comprehensive income for the period:				
Items that may be reclassified subsequently to profit or loss				
– Exchange differences arising on translation of foreign operations	<u>3,470</u>	<u>2,220</u>	<u>(12,547)</u>	<u>4,201</u>
Other comprehensive income/(loss) for the period, net of tax	<u>3,470</u>	<u>2,220</u>	<u>(12,547)</u>	<u>4,201</u>
Total comprehensive loss for the period	<u>(9,952)</u>	<u>(7,306)</u>	<u>(36,620)</u>	<u>(10,153)</u>
Total comprehensive loss attributable to:				
Owners of the Company	<u>(6,163)</u>	<u>(3,096)</u>	<u>(22,400)</u>	<u>(9,312)</u>
Non-controlling interests	<u>(3,789)</u>	<u>(4,210)</u>	<u>(14,220)</u>	<u>(841)</u>
	<u>(9,952)</u>	<u>(7,306)</u>	<u>(36,620)</u>	<u>(10,153)</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” (“HKAS 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 2022.

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 2022. 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	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Provision of mobile advertising media services	30,340	65,726	119,878	269,486
Sales of goods	56	320	16,295	20,506
Rental income	271	317	866	1,032
	<u>30,667</u>	<u>66,363</u>	<u>137,039</u>	<u>291,024</u>

3. OTHER GAINS/(LOSSES)

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank and other interest income	–	13	11	89
Loss arising from treasury investment	(334)	(77)	(965)	74
Gain on disposal of subsidiary	–	–	1	–
Government subsidy	211	1	348	1
Inventories written down	–	–	–	(8,100)
Provision for impairment loss reversed/(recognised) in respect of trade and other receivables	(693)	1,045	(1,245)	(76)
Research and development income	10	–	1,010	–
	<u>(806)</u>	<u>982</u>	<u>(840)</u>	<u>(8,012)</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, 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)				(Unaudited)			
	Three months ended 31 December 2022				Nine months ended 31 December 2022			
	Intelligent advertising and railroad media business	Agricultural, forestry and consumer products business	Property business	Total	Intelligent advertising and railroad media business	Agricultural, forestry and consumer products business	Property business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	30,340	56	271	30,667	119,878	16,295	866	137,039
Bank and other interest income	-	-	-	-	9	1	1	11
Depreciation of property, plant and equipment	(14)	(4)	-	(18)	(46)	(9)	(2)	(57)
Depreciation of right-of-use assets	(176)	-	-	(176)	(547)	-	-	(547)
Gain/(loss) arising from changes in fair value less costs to sell of biological assets	-	1,316	-	1,316	-	(368)	-	(368)
Provision for impairment loss reversed/(recognised) in respect of trade and other receivables	(1,245)	288	-	(957)	(1,245)	-	-	(1,245)
Research and development expenses	(7,782)	-	-	(7,782)	(7,782)	-	-	(7,782)
Infrastructure repairing	-	(8,550)	-	(8,550)	-	(8,550)	-	(8,550)
Total loss of reportable segments	(4,509)	(6,911)	(118)	(11,538)	(2,684)	(10,187)	(20)	(12,891)
Income tax	-	-	24	24	-	-	24	24

	(Unaudited)					(Unaudited)				
	Three months ended 31 December 2021					Nine months ended 31 December 2021				
	Intelligent advertising and railroad media business	Agricultural, forestry and consumer products	Supply-chain business	Property business	Total	Intelligent advertising and railroad media business	Agricultural, forestry and consumer products	Supply-chain business	Property business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	65,726	320	-	317	66,363	269,486	20,502	4	1,032	291,024
Bank and other interest income	13	-	-	-	13	76	12	-	1	89
Depreciation of property, plant and equipment	(5)	(4)	-	-	(9)	(15)	(9)	-	(2)	(26)
Depreciation of right-of-use assets	(250)	-	-	-	(250)	(657)	-	-	-	(657)
Gain/(loss) arising from changes in fair value less costs to sell of biological assets	-	648	-	-	648	-	(6,387)	-	-	(6,387)
Inventories written down	-	-	-	-	-	-	(8,100)	-	-	(8,100)
Provision for impairment loss reversed/(recognised) in respect of trade and other receivables	963	3	45	-	1,011	(103)	-	27	-	(76)
Research and development expenses	(8,464)	-	-	-	(8,464)	(27,429)	-	-	-	(27,429)
Total profit/(loss) of reportable segments	(4,677)	326	(301)	(11)	(4,663)	8,677	(15,665)	(419)	85	(7,322)
Income tax	(11)	-	-	21	10	(8)	-	-	54	46

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

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue				
Total revenue for reportable segments	<u>30,667</u>	<u>66,363</u>	<u>137,039</u>	<u>291,024</u>
Consolidated revenue	<u><u>30,667</u></u>	<u><u>66,363</u></u>	<u><u>137,039</u></u>	<u><u>291,024</u></u>
Profit or loss before tax				
Total loss for reportable segments	(11,538)	(4,663)	(12,891)	(7,322)
Unallocated corporate income	–	–	393	74
Unallocated corporate expenses	<u>(1,906)</u>	<u>(4,873)</u>	<u>(11,618)</u>	<u>(7,152)</u>
Consolidated loss before tax	<u><u>(13,444)</u></u>	<u><u>(9,536)</u></u>	<u><u>(24,116)</u></u>	<u><u>(14,400)</u></u>

5. PROFIT/(LOSS) BEFORE TAX

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Profit/(loss) before tax has been arrived at after charging:				
Staff costs (including directors' remuneration)				
– fees, salaries, other benefits and contribution to retirement plans	2,275	5,786	7,954	15,802
– equity settled share-based payment expenses	–	–	5,416	–
Cost of inventories sold	27,905	60,274	126,168	238,614
Depreciation of property, plant and equipment	21	24	68	913
Depreciation of right-of-use assets	336	519	1,095	1,241
Research and development expenses	7,782	8,464	7,782	27,429
Short-term lease payments	<u>192</u>	<u>287</u>	<u>504</u>	<u>674</u>

6. INCOME TAX

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Current tax:				
Hong Kong Profits Tax	–	–	–	–
PRC Enterprise Income Tax	<u>3</u>	<u>10</u>	<u>24</u>	<u>46</u>
	3	10	24	46
Deferred tax	<u>19</u>	<u>–</u>	<u>19</u>	<u>–</u>
	19	–	19	–
Income tax credit/(expense) for the period	<u><u>22</u></u>	<u><u>10</u></u>	<u><u>43</u></u>	<u><u>46</u></u>

Hong Kong Profits Tax for the three months and nine months ended 31 December 2022 is calculated at the rate of 16.5% (three months and nine months ended 31 December 2021: 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% (three months and nine months ended 31 December 2021: 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 2022 and 2021 as the Group would have no assessable profit subject to Hong Kong Profits Tax.

PRC Enterprise Income Tax for the three months and nine months ended 31 December 2022 represented the amount charged/paid net of the amount refunded during the period.

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	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
(i) Loss for the period attributable to owners of the Company	<u>(17,447)</u>	<u>(5,692)</u>	<u>(30,974)</u>	<u>(14,234)</u>
	'000	'000	'000	'000
(ii) Weighted average number of ordinary shares	<u>330,272</u>	<u>330,272</u>	<u>330,272</u>	<u>329,526</u>

Diluted loss per share in respect of loss attributable to the owners of the Company for the three months and nine months ended 31 December 2022 and 2021 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 note of the Company 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					Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share premium HK\$'000	Convertible notes equity reserve HK\$'000	Share options reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000			
At 1 April 2021 (audited)	280,678	-	2,303	(1,495)	(238,592)	42,894	38,256	81,150
Total comprehensive income/(loss) for the period (unaudited)	-	-	-	4,922	(14,234)	(9,312)	(841)	(10,153)
Placing of new shares (unaudited)	4,500	-	-	-	-	4,500	-	4,500
Increase in ownership interest in a subsidiary (unaudited)	-	-	-	-	(206)	(206)	206	-
At 31 December 2021 (unaudited)	<u>285,178</u>	<u>-</u>	<u>2,303</u>	<u>3,427</u>	<u>(253,032)</u>	<u>37,876</u>	<u>37,621</u>	<u>75,497</u>

	Reserves attributable to owners of the Company					Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share premium HK\$'000	Convertible notes equity reserve HK\$'000	Share options reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000			
At 1 April 2022 (audited)	284,988	413	2,303	2,513	(279,674)	10,543	32,478	43,021
Total comprehensive loss for the period (unaudited)	-	-	-	(5,508)	(16,892)	(22,400)	(14,220)	(36,620)
Grant of new share options (unaudited)	-	-	5,416	-	-	5,416	-	5,416
Lapse of share options (unaudited)	-	-	(2,303)	-	2,303	-	-	-
At 31 December 2022 (unaudited)	<u>284,988</u>	<u>413</u>	<u>5,416</u>	<u>(2,995)</u>	<u>(294,263)</u>	<u>(6,441)</u>	<u>18,258</u>	<u>11,817</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. Items included in convertible notes equity reserve will not be reclassified subsequently to profit or loss.

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.

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	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Fees, salaries and other benefits	539	614	1,945	1,834

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 2022 (three months and nine months ended 31 December 2021: Nil).

11. GRANT OF NEW SHARE OPTIONS

On 13 May 2022, the Company granted share options to certain eligible persons, under the share option scheme adopted by the Company on 3 August 2012, to subscribe for a total of 23,000,000 ordinary shares of HK\$0.1 each in the share capital of the Company (the "Share(s)") at the exercise price of HK\$1 per Share. Details of the grant of share options had been disclosed in the Company's announcement dated 13 May 2022.

Equity settled share-based payment expenses of approximately HK\$5,416,000 was recognised in respect of the share options granted on 13 May 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Results of Operations

For the nine months ended 31 December 2022, the Group recorded a total revenue of approximately HK\$137,039,000, representing a decrease of approximately 52.91% as compared with a total revenue of approximately HK\$291,024,000 for the corresponding period of last year.

Loss attributable to owners of the Company was approximately HK\$30,974,000 for the nine months ended 31 December 2022, which was approximately 117.61% higher than the loss attributable to owners of the Company incurred for the corresponding period of last year of approximately HK\$14,234,000 mainly due to, among others, the decrease in revenue as well as gross profit recorded during the nine months ended 31 December 2022.

Business Review

Great World Company Holdings Ltd (the “Company”) and its subsidiaries (the “Group”) are principally engaged in the businesses of (i) intelligent advertising and railroad media, (ii) agricultural, forestry and consumer products, (iii) supply-chain and (iv) property. There were no significant changes in the nature of the Group’s principal activities during the nine months ended 31 December 2022.

Intelligent Advertising and Railroad Media Business

– Intelligent Advertising Business

China real estate market is still in a slow recovery phase, with most real estate developers encountering cashflow difficulties. Real estate market is cooling down with less new property sales across the country, causing less advertising revenue in this segment.

Acknowledging the sector specific challenge we are focused on diversifying applications of our proprietary Big Data and AI technological platforms in other sectors to find new growth opportunities. Thanks to the powerful data processing capabilities of our AI system, it can be fitted onto a wide range of applications that the Group will be investigating with care such as applying the analytic capabilities in investment decision-making as well as providing AI-driven digital marketing strategy in our other business segments.

Development of such verticals will bring additional growth opportunities and broaden the income sources while creating additional synergies between the Group’s various businesses.

– **Railroad Media Business**

The Group has accumulated extensive expertise and exclusive access to high-speed railroad resources since it started providing railroad media services in 2019 and expanding organically within the high-speed railroad ecosystem to broaden the services provided as well as other travel ecosystems such as civil aviation. With the recent lifting of COVID-19 restrictions in China, a significant opportunity has been identified in business travel service market where the recovery and demand is the strongest. The Group is actively looking for suitable investment opportunities in related sectors, especially business travel management.

The Group is focused on building synergies into the travel sector by leveraging its technological capabilities, especially its AI data-processing system and adapting it to sector-specific applications.

For the three and nine months ended 31 December 2022, revenue generated from the provision of intelligent advertising and railroad media services was approximately HK\$30,340,000 and HK\$119,878,000 respectively.

Agricultural, Forestry and Consumer Products Business

Demand for our agricultural and forestry products are decreasing due to sluggish consumer demand in an economic downturn.

For the three months and nine months ended 31 December 2022, revenue generated from the sales of agricultural, forestry and consumer products was approximately HK\$56,000 and HK\$16,295,000 respectively.

Supply-chain Business

With unfavorable market condition and a global lack of appetite for Chinese manufacturing, the Group is closely observing industries of interest to seize potential investment opportunities in order to diversify its product portfolio further and broaden the income sources.

For the three and nine months ended 31 December 2022, no revenue was generated from the supply-chain business due to persistent unfavourable market condition.

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 People’s Republic of China. The property has a gross floor area of approximately 28,251.82 sq.m. (inclusive of a basement floor) and comprises 4 different types of 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 2022, revenue derived from short-term leasing of the commercial portion of the property was approximately HK\$271,000 and HK\$866,000 respectively.

OUTLOOK

2023 economic outlook is likely to be dim, as the financial repercussions of the COVID-19 pandemic are still uncertain. The rise in central bank rates to fight inflation and Russia’s war in Ukraine continue to weigh on economic activity. The rapid spread of COVID-19 in China dampened growth in 2022, but the recent reopening has paved the way for a faster-than-expected recovery. The Group’s profitability and business growth are affected by the current macroeconomic conditions.

The Group will seek investment opportunities in resilient sectors that would enable the development of new business lines.

Our current strategy is to strengthen existing business lines as well as investing in new sectors and other high growth potential businesses.

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.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2022, the Group’s cash and bank deposits amounted to approximately HK\$9,594,000 which has decreased by approximately 50.39% when comparing with the cash and bank deposits of approximately HK\$19,339,000 as at 31 March 2022. As at 31 December 2022, the Group had net current liabilities of approximately HK\$29,822,100 (31 March 2022: HK\$5,679,000).

The Group adopted a conservative treasury policy to maintain cash necessary to meet anticipated expenditures plus a reasonable cushion for emergencies. Almost all bank deposits are being kept in Hong Kong dollars, or in the local currencies of the operating subsidiaries to minimise exposure to foreign exchange risk. Any excess cash should be invested in liquid income-producing instruments which should be managed by a qualified investment manager or operated in accordance with advice provided by a qualified investment manager or decision of an investment committee, if formed, comprising at least one executive director, at least one independent non-executive director and at least one individual who must possess appropriate professional qualifications and/or financial and investment expertise and experience.

Most of the trading transactions, assets and liabilities of the Group were currently denominated in Hong Kong dollars, United States Dollars and Renminbi. The Group did not experience any material difficulties on its operations or liquidity as a result of fluctuation in currency exchange rates during the period under review. As at 31 December 2022, the Group had no foreign exchange contracts, interest of currency swaps or other financial derivatives for hedging purpose. The Group is closely monitoring the movement of the foreign currency rates and will consider hedging significant foreign currency exposure should the need arise.

The share capital of the Company as at 31 December 2022 is as follows:

	Number of shares ('000)	Amount (HK\$'000)
Authorised	<u>3,000,000</u>	<u>300,000</u>
Issued and fully paid	<u>330,272</u>	<u>33,027</u>

GEARING RATIO

The Group's gearing ratio, which was defined as the ratio of net debt to equity, was approximately 242.95% as at 31 December 2022 (31 March 2022: 128%). The increase in debt-to-equity ratio as at 31 December 2022 as compared to that of 31 March 2022 is mainly attributable to the decrease in cash and bank deposits as well as equity attributable to owners of the Company.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any material contingent liabilities (31 March 2022: Nil).

SHARE OPTION SCHEME

The share option scheme adopted at the annual general meeting of the Company held on 3 August 2012 (the “2012 Share Option Scheme”) was valid and effective for a period of 10 years commencing on 3 August 2012, 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 adoption of the share option scheme or at the date of approval by the shareholders in subsequent general meeting where the limit is refreshed.

On 13 May 2022, the Company granted options under the 2012 Share Option Scheme to certain eligible persons to subscribe for a total of 23,000,000 ordinary shares in the share capital of the Company at the exercise price of HK\$1 per share.

Movements in the number of share options granted under the 2012 Share Option Scheme are as follows:

Participants	Date of grant	Exercisable period	Exercise price per share	No. of underlying shares comprised in option					As at 31 December 2022
				As at 1 April 2022	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\$2.64	2,240,000	-	-	(2,240,000)	-	-
Employees and others (in aggregate)	13 May 2022	13 May 2022 – 13 May 2025	HK\$1.00	-	23,000,000	-	-	-	23,000,000

Save 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 2022.

BOARD OF DIRECTORS

The board of directors (the “Board”) of the Company comprised three executive Directors, namely Mr. Zhang Yanqiang, Mr. Gu Zhonghai and Mr. Zhao Xinyan, 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 Mr. Jing Baoli.

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 Mr. Jing Baoli. 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 Mr. Jing Baoli. 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, and two independent non-executive Directors, namely Ms. Zhao Yongmei (chairman of the Remuneration Committee) and Mr. Jing Baoli. 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 2022, 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\$0.10 each and the underlying shares			Approximate percentage of the issued share capital of the Company
	Personal interest	Corporate interest	Total number of shares	
Mr. Zhao Xinyan	1,750,000	47,378,000 (Note 1)	49,128,000	14.88%
Ms. Ng Mui King, Joky	–	33,792,000 (Note 2)	33,792,000	10.23%

Notes:

1. These share are held by Win Bless Limited of which Mr. Zhao Xinyan is the beneficial owner.
2. 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 2022, 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 2022 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 2022, 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\$0.10 each	Approximate percentage of the issued share capital of the Company
Win Bless Limited	Beneficial owner/Corporate	47,378,000 (Note 1)	14.35%
Mr. Zhao Xinyan	Interest in a controlled corporation	47,378,000 (Note 1)	14.35%
	Beneficial owner/Personal	1,750,000	0.53%
Gold City Assets Holdings Ltd.	Beneficial owner/Corporate	33,792,000 (Note 2)	10.23%
Ms. Ng Mui King, Joky	Interest in a controlled corporation	33,792,000 (Note 2)	10.23%
Ms. Lin Shunping	Beneficial owner/Personal	19,900,000 (Note 3)	6.03%

Notes:

1. These shares are held by Win Bless Limited, a company incorporated in Hong Kong of which the issued share capital is beneficially owned by Mr. Zhao Xinyan, an executive director of the Company.
2. These shares are held by Gold City Assets Holdings Ltd., 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.
3. The shares were issued to Ms. Lin Shunping on 27 March 2020, pursuant to the convertible notes issued by the Company on 30 March 2015.

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 2022.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company had not redeemed any of its shares during the nine months ended 31 December 2022. 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 2022.

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 2022.

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

Hong Kong, 14 February 2023

As at the date of this announcement, the Board comprises (i) three executive Directors, namely Mr. Zhang Yanqiang, 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 Mr. Jing Baoli.