



世大控股有限公司

GREAT WORLD COMPANY HOLDINGS LTD

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8003)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2022**

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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.

FINANCIAL HIGHLIGHTS

- The revenue of the Company and its subsidiaries amounted to approximately HK\$323,634,000 for the year ended 31 March 2022, representing a decrease of approximately HK\$182,075,000 or 36% as compared with the year ended 31 March 2021.
- The loss for the year of the Company and its subsidiaries attributable to the owners of the Company is approximately HK\$41,082,000 for the year ended 31 March 2022, representing an increase of approximately HK\$18,983,000 or 85.9% as compared with the loss of approximately HK\$22,099,000 for the year ended 31 March 2021.
- The board of Directors does not recommend the payment of any dividend for the year ended 31 March 2022.

ANNUAL RESULTS

The board (the “**Board**”) of Directors is pleased to announce the audited annual results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2022 together with the comparative figures for the corresponding period of 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	323,634	505,709
Cost of sales		(288,136)	(463,216)
Gross profit		35,498	42,493
Other gains/(losses)	5	(1,158)	1,825
Provision for impairment loss recognised in respect of trade and other receivables, net		(20,024)	(9,632)
Loss arising from changes in fair value less costs to sell of biological assets		(4,059)	(10,309)
(Loss)/gain arising from change in fair value of investment property		(121)	2,111
Selling and distribution costs		(5,283)	(5,565)
Administrative and other operating expenses		(53,417)	(47,252)
Finance costs	7	(693)	(1,119)
Loss before tax	8	(49,257)	(27,448)
Income tax expenses	9	(152)	(528)
Loss for the year		(49,409)	(27,976)
Loss for the year attributable to:			
Owners of the Company		(41,082)	(22,099)
Non-controlling interests		(8,327)	(5,877)
		(49,409)	(27,976)
		<i>HK cents</i>	<i>HK cents</i>
Loss per share	<i>11</i>		
Basic and diluted		(12.46)	(6.90)

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

For the year ended 31 March 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the year	<u>(49,409)</u>	<u>(27,976)</u>
Other comprehensive (loss)/income for the year		
Items that may be reclassified subsequently to profit or loss:		
– Reclassification of cumulative translation reserve upon disposal of foreign operations	(306)	–
– Exchange differences arising on translation of foreign operations	<u>6,664</u>	<u>8,583</u>
Other comprehensive income for the year	<u>6,358</u>	<u>8,583</u>
Total comprehensive loss for the year	<u>(43,051)</u>	<u>(19,393)</u>
Total comprehensive loss attributable to:		
Owners of the Company	(37,074)	(13,745)
Non-controlling interests	<u>(5,977)</u>	<u>(5,648)</u>
	<u>(43,051)</u>	<u>(19,393)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Right-of-use assets		8,333	7,558
Property, plant and equipment		230	1,528
Investment property		62,995	60,631
Biological assets		34,808	35,623
		<u>106,366</u>	<u>105,340</u>
Current assets			
Properties held for sale		92,741	89,215
Inventories		394	610
Biological assets		–	245
Trade and other receivables	<i>12</i>	106,209	158,480
Financial assets at fair value through profit or loss		8,309	330
Cash and bank deposits		19,339	12,439
		<u>226,992</u>	<u>261,319</u>
Current liabilities			
Trade and other payables	<i>13</i>	(69,042)	(52,088)
Contract liabilities		(22,112)	(35,264)
Financial liabilities at fair value through profit or loss		(3,556)	–
Lease liabilities		(1,617)	(2,103)
Amount due to a shareholder		(69,414)	(69,414)
Amounts due to directors		(7,172)	(6,784)
Amounts due to related companies		(58,743)	(58,171)
Amounts due to non-controlling interests		(1,015)	(9,673)
		<u>(232,671)</u>	<u>(233,497)</u>
Net current (liabilities)/assets		<u>(5,679)</u>	<u>27,822</u>
Non-current liabilities			
Convertible note		(3,007)	–
Lease liabilities		(1,267)	–
Deferred tax liabilities		(20,365)	(19,485)
		<u>(24,639)</u>	<u>(19,485)</u>
Net assets		<u>76,048</u>	<u>113,677</u>

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Capital and reserves		
Share capital	33,027	32,527
Reserves	10,543	42,894
	<hr/>	<hr/>
Equity attributable to owners of the Company	43,570	75,421
Non-controlling interests	32,478	38,256
	<hr/>	<hr/>
	76,048	113,677
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. GENERAL INFORMATION

Great World Company Holdings Ltd (the “Company”) is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the Company’s registered office is P.O. Box 309, Uglan House, Grand Cayman KY1-1104, Cayman Islands, British West Indies and its principal place of business is room 1202, 12/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. Win Bless Limited (“Win bless”) and Gold City Assets Holdings Ltd. (“Gold City”) are the substantial shareholders of the Company. Win Bless is beneficially owned by Mr. Zhao Xinyan, an executive director of the Company and Gold City is beneficially owned by Ms. Ng Mui King, Joky, a non-executive director of the Company.

The consolidated financial statements are presented in Hong Kong dollar (“HK\$”), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (“HK\$’000”) except otherwise indicated.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concession beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the amendments to HKFRSs in the current year had no material impact on the Group’s financial performance and financial positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ¹

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for annual periods beginning on or after 1 January 2023.

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION

The consolidated results set out in this announcement do not constitute the consolidated financial statements of the Group for the year ended 31 March 2022, but are extracted from those consolidated financial statements.

These consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and by the disclosure requirements of the Hong Kong Companies Ordinance.

Going Concern Assessment

The Group incurred a net loss of approximately HK\$49,409,000 for the year ended 31 March 2022 and, as of that date, the Group's net current liabilities exceeded its current assets by approximately HK\$5,679,000.

The above events or conditions may cast significant doubt on the entity's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve the Group's financial position which include, but are not limited to, the following:

- (i) the Group will apply stringent cost control in administrative expenses and capital expenditures;
- (ii) substantial shareholders of the Company agreed to provide financial support for the continuing operation of the Group;
- (iii) the Group has obtained consent from the relevant lenders not to demand for immediate repayment of such payables; and
- (iv) the Group has been taking active measures to collect trade and other receivables through various channels to improve operating cash flows and its financial position.

However, the appropriateness of the going concern basis of accounting is dependent on the assumption that (i) the management of the Group will be able to achieve its plans and measures as described above; (ii) the Group is able to obtain continuous external financial support from substantial shareholders; (iii) the Group will be able to improve its business operations; and (iv) the Group is able to generate sufficient cash flow and implement exercises to control costs.

Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their realisable values, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

These consolidated financial statements have been prepared on the historical cost basis except for financial instruments, investment properties and biological assets that are measured at fair values at the end of each reporting period.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies.

4. REVENUE

An analysis of revenue is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Provision of mobile advertising media services	299,784	429,517
Sales of goods	22,511	75,063
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Revenue from contracts with customers	322,295	504,580
Rental income	1,339	1,129
	<hr/>	<hr/>
	323,634	505,709
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Disaggregation of revenue from contracts with customers

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Provision of mobile advertising media services	299,784	429,517
Sales of goods		
– forestry products	22,507	62,755
– information technology products	4	12,308
	<hr/>	<hr/>
	322,295	504,580
	<hr/> <hr/>	<hr/> <hr/>

Timing of revenue recognition

Over time	299,784	429,517
At a point in time	22,511	75,063
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	322,295	504,580
	<hr/> <hr/>	<hr/> <hr/>

5. OTHER GAINS/(LOSSES)

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Government grant	–	285
Bank interest income	99	15
Change in fair value of financial instruments at fair value through profit or loss	(1,426)	–
Gain on disposal of subsidiaries	165	–
Other income	4	1,525
	<u>(1,158)</u>	<u>1,825</u>

6. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geographical area. 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	Provides 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 prepackaged 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 loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that gain on bargain purchase, unallocated finance costs, unallocated selling and distribution costs and unallocated administrative and other operating expenses are excluded from such measurement.

All assets are allocated to reportable segments other than 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, assets, liabilities and other selected financial information

2022

	Intelligent advertising and railroad media business <i>HK\$'000</i>	Agricultural, forestry and consumer products business <i>HK\$'000</i>	Supply- chain business <i>HK\$'000</i>	Property business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	299,784	22,507	4	1,339	323,634
Total (loss) of reportable segments	(11,169)	(30,164)	(257)	8	(41,582)
Total assets of reportable segments	124,025	42,127	88	156,630	322,870
Total liabilities of reportable segments	(84,285)	(2,504)	(8)	(65,406)	(152,203)
Amounts included in the measure of segment profit or loss or segment assets:					
Bank interest income	85	12	-	2	99
Depreciation of property, plant and equipment	(8)	(1,272)	-	-	(1,280)
Depreciation of right-of-use assets	(788)	(84)	-	-	(872)
Loss arising from changes in fair value less costs to sell of biological assets	-	(4,059)	-	-	(4,059)
Loss on fair value change on investment property	-	-	-	(121)	(121)
Provision for impairment loss recognised in respect of trade and other receivables, net	(19,520)	(13)	(491)	-	(20,024)

2021

	Intelligent advertising and railroad media business <i>HK\$'000</i>	Agricultural, forestry and consumer products business <i>HK\$'000</i>	Supply- chain business <i>HK\$'000</i>	Property business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	429,517	62,755	12,308	1,129	505,709
Total profit/(loss) of reportable segments	16,741	(40,890)	(457)	2,411	(22,195)
Total assets of reportable segments	111,009	97,955	5,668	150,380	365,012
Total liabilities of reportable segments	(82,039)	(5,467)	(5,253)	(79,729)	(172,488)
Amounts included in the measure of segment profit or loss or segment assets:					
Bank interest income	12	2	–	1	15
Depreciation of property, plant and equipment	(18)	(2,826)	–	(2)	(2,846)
Depreciation of right-of-use assets	(771)	(82)	–	–	(853)
Loss arising from changes in fair value less costs to sell of biological assets	–	(10,309)	–	–	(10,309)
Gain on fair value change on investment property	–	–	–	2,111	2,111
Provision for impairment loss recognised in respect of trade and other receivables, net	<u>(6,839)</u>	<u>(2,772)</u>	<u>(21)</u>	<u>–</u>	<u>(9,632)</u>

(b) **Reconciliations of reportable segment revenue, profit or loss, assets and liabilities**

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue		
Total revenue for reportable segments	323,634	505,709
Consolidated revenue	<u>323,634</u>	<u>505,709</u>
Profit or loss		
Total loss for reportable segments	(41,582)	(22,195)
Unallocated corporate income	169	1,578
Unallocated corporate expenses	(7,844)	(6,831)
Consolidated loss before tax	<u>(49,257)</u>	<u>(27,448)</u>
Assets		
Total assets for reportable segments	322,870	365,012
Unallocated corporate assets	10,488	1,647
Consolidated total assets	<u>333,358</u>	<u>366,659</u>
Liabilities		
Total liabilities for reportable segments	(152,203)	(172,488)
Unallocated corporate liabilities	(105,107)	(80,494)
Consolidated total liabilities	<u>(257,310)</u>	<u>(252,982)</u>

(c) **Geographical Information**

Since over 90% of the Group's non-current assets were located in the PRC and over 90% of the Group's revenue were generated from services provided in the PRC or goods were delivered to the PRC, no geographical segment information in accordance with HKFRS 8 Operating Segments is presented.

(d) **Information about major customers**

Revenue from customers for the years ended 31 March 2022 and 2021 contributing over 10% of the total revenue of the Group are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A	47,669	75,268
Intelligent Advertising and Railroad Media business	<u>47,669</u>	<u>75,268</u>

7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Imputed interests on convertible note	1	–
Interest on lease liabilities	179	164
Interest on other borrowings	513	955
	<u>693</u>	<u>1,119</u>

8. LOSS BEFORE TAX

Loss before tax has been arrived at after charging/(crediting):

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditors' remuneration for audit services	600	480
Staff costs (including directors' remuneration)		
– salaries and other benefits	15,409	15,837
– contributions to defined contribution schemes	1,341	689
	<u>16,750</u>	<u>16,526</u>
Cost of inventories sold	24,752	88,200
Depreciation of property, plant and equipment	1,451	2,992
Depreciation of right-of-use assets	1,701	1,896
Loss on written off of property, plant and equipment	55	–
Repairs and maintenance	22	10,085
Research and development	28,858	9,892
Short-term lease payments	378	381
Gross rental income from investment properties	(1,339)	(1,129)
Less: direct operating expenses arising from investment properties that generated rental income during the year	323	240
Less: direct operating expenses arising from investment properties that did not generate rental income during the year	954	446
	<u>(62)</u>	<u>(443)</u>

9. INCOME TAX EXPENSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Deferred taxation		
Charged during the year	<u>152</u>	<u>528</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

No provision for Hong Kong Profits Tax and PRC Enterprise Income Tax had been made as the Group had no assessable profit.

新疆中林科生物技術有限公司 and 新疆惠農綠色生態林業有限公司 which principally engaged in forestry cultivation, research and application of agricultural technologies are entitled to tax exemption.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2008 onwards, Shenzhen Zhixunpai Information Technology Company Ltd engaged in research and development activities are entitled to claim an additional tax deduction amounting to 75% of the qualified research and development expenses incurred in determining its assessable tax profits for that year. According to a new tax incentives policy promulgated by the State Tax Bureau of the PRC in 2018, which would be effective to 2023.

10. DIVIDEND

No final dividend was paid or proposed during the year ended 31 March 2022, nor any dividend has been proposed by the board of directors subsequent to the end of the year (2021: nil).

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(41,082)</u>	<u>(22,099)</u>
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>329,710</u>	<u>320,079</u>

The calculation of diluted loss per share does not assume the exercise of the Company's outstanding share options and convertible note as they had an anti-dilutive effect to the basic loss per share for the years ended 31 March 2022 and 2021. The basic and diluted loss per share are the same for both years.

12. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	69,708	83,845
<i>Less: Allowance for credit losses</i>	<u>(23,383)</u>	<u>(3,359)</u>
	46,325	80,486
Other receivables	4,622	9,385
Prepayments	54,393	67,725
Deposits	869	884
	<u>106,209</u>	<u>158,480</u>

The following is an aging analysis of trade receivables, net of allowance for credit losses, presented based on the past due date, which approximates the respective revenue recognition dates:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Not yet past due	16,127	27,019
1 to 3 months past due	3,938	5,205
3 months – 6 months past due	13,048	37,581
Over 6 months past due	<u>13,212</u>	<u>10,681</u>
	<u>46,325</u>	<u>80,486</u>

13. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	43,574	38,783
Other payables	11,669	11,719
Deposit received	10,109	–
Accruals	3,690	1,586
	<u>69,042</u>	<u>52,088</u>

An aging analysis of the trade payables is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 3 months	3,823	4,116
Over 3 months but within 1 year	4,100	5,805
Over 1 year	35,651	28,862
	<u>43,574</u>	<u>38,783</u>

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

The Group recorded a turnover of approximately HK\$323,634,000 for the year ended 31 March 2022, representing a decrease by approximately 36% as compared to the turnover of approximately HK\$505,709,000 for last year. The overall decrease in turnover was mainly attributable to the extreme market conditions caused by the continued and prolonged outbreak of the Covid-19 pandemic. Administrative and other operating expenses increased to approximately HK\$53,417,000 compared with approximately HK\$47,252,000 of the previous corresponding year, representing an increase of approximately 13%, mainly resulted from the increase in research and development expenses on the development of a programmatic intelligent advertising and programmatic content operation system. A loss from changes in fair value less costs to sell of biological assets of approximately HK\$4,059,000 was recognised for the year. A provision of approximately HK\$20,024,000 for impairment loss in respect of trade receivables was recognised for the year. Loss attributable to owners of the Company for the year ended 31 March 2022 was approximately HK\$41,082,000, which was approximately 85.9% higher than the loss attributable to owners of the Company incurred for last year of approximately HK\$22,099,000.

BUSINESS REVIEW

Intelligent Advertising and Railroad Media Business

– *Intelligent Advertising Business*

Shenzhen Zhixunpai Information Technology Company Ltd. (“Shenzhen Zhixunpai”), a subsidiary of the Company, maintains an industry-leading position thanks to the intelligent advertising and media services it has rendered, despite uncertainties in the real estate industry. Given the current challenges of the China real estate market, most players are encountering cashflow difficulties and have seen their advertising budget reduced significantly.

Given the general sentiment of the market due to the fallout of COVID-19 impact and sector specific challenges, we are focused on diversifying applications of our proprietary Big Data and AI technological platforms 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. The COVID-19 pandemic caused massive disruption in travel and tourism industries, preventing the high-speed railroad to reach its expected growth potential. However, with the development of vaccine and the low mortality of recent variants, borders open up gradually and travel is resuming around the world. It is the perfect moment to start expanding the Group's business on top of its existing railroad business into the recovering travel sector as it will very likely benefit from a post-pandemic explosive growth. The Group is actively looking for suitable investment opportunities in related sectors.

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 year ended 31 March 2022, revenue generated from the provision of intelligent advertising and railroad media services was approximately HK\$299,784,000.

Agricultural, Forestry and Consumer Products Business

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

The Group is gradually shifting its focus from growing agricultural and forestry produces to building its brand on various online selling platforms and developing a portfolio of own-brand products.

For the year ended 31 March 2022, revenue generated from the sales of agricultural, forestry and consumer products was approximately HK\$22,507,000.

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.

Due to severe disruption of the global supply chain and of manufacturing sectors due to COVID restrictions and the Ukraine war, previous supply chain business has been interrupted.

The Group will maintain 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. Given the severe disruption of supply chain around the globe, the Group is actively looking to expand into the supply chain of mass market consumption products and raw materials where demand is steadily rising.

Our management is looking into new investment opportunities in key areas of various industries, in particular recyclable material.

For the year ended 31 March 2022, revenue generated from the supply-chain was approximately HK\$4,000.

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 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 year ended 31 March 2022, revenue derived from short-term leasing of the commercial portion of the property was approximately HK\$1,339,000.

FINANCIAL REVIEW

Liquidity and financial resources

The Group’s operations and investments were financed principally by cash generated from its business operations, borrowings and shares issued. As at 31 March 2022, cash and bank deposits of the Group amounted to approximately HK\$19,339,000, representing an increase of approximately 55.47% comparing with the cash and bank deposits of approximately HK\$12,439,000 as at 31 March 2021. The Group’s net current liabilities, which comprised properties held for sale, inventories, trade and other receivables, cash and bank deposits, trade and other payables, contract liabilities, lease liabilities, amount due to a shareholder, amounts due to directors, amount due to related companies and amounts due to non-controlling interest, amounted to approximately HK\$5,679,000 as at 31 March 2022 (2021: net current assets of approximately HK\$27,822,000).

The Group’s gearing ratio, which was defined as the ratio of debt to equity, was approximately 128% as at 31 March 2022 (2021: 78%).

Fund raising activity

The Company issued 50,000,000 new shares at the placing price of HK\$0.1 per share on 12 May 2021 under a placing agreement entered into on 7 April 2021 and generated a net proceeds of approximately HK\$4.81 million as general working capital of the Group. Details of the placing agreement have been disclosed in the Company's announcement dated 7 April 2021.

Treasury policies

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 year under review. As at 31 March 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.

Capital commitments

As at 31 March 2022, the Group had no material outstanding capital commitments (2021: Nil).

EVENTS AFTER THE REPORTING PERIOD

- (a) The Company granted share options to certain eligible persons (the “Grantee(s)”) on 13 May 2022 under the share option scheme adopted by the Company on 3 August 2012, subject to acceptance of the Grantees, to subscribe for a total of 23,000,000 ordinary shares of HK\$0.1 each in the share capital of the Company. Further details are disclosed in the Company’s announcement dated 13 May 2022.
- (b) On 26 May 2022, 廣州易旅途商業發展有限公司 (Guangzhou Yilvtu Commercial Development Limited*), which is an indirect non-wholly owned subsidiary of the Company (the “Purchaser”), entered into an equity acquisition agreement with 深圳天航投資控股有限公司 (Shenzhen Tianhang Investment Holding Co., Ltd.*) (the “Vendor”) and 天航科技有限公司 (Tianhang Technology Co., Ltd.*) (the “Target Company”), pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell 60% equity interest in the Target Company, at the consideration of RMB10,000 (equivalent to approximately HK\$11,700), which will be settled in cash. Further details are set out in the Company’s announcements dated 26 May 2022 and 30 May 2022. Up to the date of this report, the acquisition is not yet completed.

CORPORATE GOVERNANCE PRACTICES

The board (the “Board”) of directors (the “Directors”) of Great World Company Holdings Ltd (the “Company”) has been committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the “Group”) in order to enhance the transparency in disclosure of material information. The Board considers such commitment is essential for internal management, financial management and protection of shareholders’ interest and believes that maintaining a high standard of corporate governance benefits all shareholders, investors and the business of the Company as a whole. 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 year ended 31 March 2022.

DIRECTORS’ SECURITIES TRANSACTIONS

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’ transactions 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 Directors’ securities transaction throughout the year ended 31 March 2022.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) currently comprises three independent non-executive Directors, namely Mr. Chung Koon Yan (chairman of the Audit Committee), Ms. Zhao Yongmei and Mr. Jing Baoli (appointed on 13 August 2021 following the resignation of Dr. Yang Fuyu on the same day). The Audit Committee meets with the Group’s senior management regularly to review the effectiveness of the internal control systems and the quarterly, interim and annual reports of the Group.

The primary responsibilities of the Audit Committee are:

- (i) making recommendation to the Board on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor and any resignation and dismissal of that auditor;
- (ii) reviewing and monitoring the independence and objectivity of the external auditor and the effectiveness of the audit process in accordance with applicable standard;
- (iii) liaising with the Board, senior management and the auditors to monitor the integrity of financial statements, the quarterly, interim and annual reports in particular on accounting policies and practices and compliance with accounting standards, the GEM Listing Rules and other legal requirements in relation to financial reporting;
- (iv) reviewing the financial control, internal control and risk management system to ensure the management of the Company discharges its duty under an effective internal control system;
- (v) reviewing the report and management letter submitted by external auditor, and considering any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management’s response; and
- (vi) considering the engagement of external independent consultant to provide internal audit function and to carry out internal control review, which comprises, inter alia, enterprise risk assessment, review the internal control system and corporate governance compliance/practice of the Group.

For the year ended 31 March 2022, the Audit Committee reviewed the financial results, the accounting policies and practices adopted, the report of the external independent consultant on reviewing the risk management and internal control procedures of the Group and 6 audit committee meetings were held.

EXTRACT FROM INDEPENDENT AUDITORS' REPORT

The following is an extract of the independent auditors' report on the Group's audited consolidated financial statements for the year ended 31 March 2022. The report includes paragraphs of material uncertainty related to going concern, without modification:

Material uncertainty related to going concern

We draw attention to Note 3 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK\$49,409,000 for the year ended 31 March 2022 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$5,679,000. As stated in Note 3, these events and conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.gwchl.com under "Announcement". The annual report for the year ended 31 March 2022 will be published on the above website and despatched to shareholders in due course.

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

Hong Kong, 30 June 2022

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

This announcement will remain on the "Latest Listed Company Information" page of the GEM website (www.hkgem.com) for at least 7 days from the date of its publication and on the Company website (www.gwchl.com).