



世大控股有限公司

GREAT WORLD COMPANY HOLDINGS LTD

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8003)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

**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

- Turnover was approximately HK\$168,978,000 and HK\$254,357,000 for the three months and six months ended 30 September 2019 respectively, compared with the turnover of approximately HK\$11,516,000 and HK\$51,752,000 for the corresponding periods of last year.
- Loss attributable to owners of the Company was approximately HK\$5,729,000 and HK\$7,590,000 for the three months and six months ended 30 September 2019 respectively, versus the loss attributable to owners of the Company of approximately HK\$6,071,000 and HK\$7,335,000 for the corresponding periods of last year.
- The board of directors does not recommend the payment of an interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

RESULTS

The board of directors of Great World Company Holdings Ltd (the “Company”) presents the financial information of the Company and its subsidiaries (the “Group”), comprising the condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group for the three months and six months ended 30 September 2019 and the condensed consolidated statement of financial position of the Group as at 30 September 2019, all of which are unaudited and in condensed format, (collectively referred to as the “Unaudited Condensed Financial Statements”) along with selected explanatory notes and comparative information as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
		2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Turnover	2	168,978	11,516	254,357	51,752
Cost of sales		(165,193)	(11,473)	(249,421)	(51,468)
Gross profit		3,785	43	4,936	284
Other revenue	2	5	–	23	39
Loss arising from changes in fair value less costs to sell of biological assets		(1,509)	(2,160)	(305)	(852)
Selling and distribution costs		(355)	(47)	(413)	(60)
Administrative and other operating expenses		(7,176)	(3,494)	(11,082)	(6,631)
Finance costs		(665)	(600)	(1,295)	(1,175)
Loss before tax	4	(5,915)	(6,258)	(8,136)	(8,395)
Income tax credit	5	104	97	205	201
Loss for the period		<u>(5,811)</u>	<u>(6,161)</u>	<u>(7,931)</u>	<u>(8,194)</u>
Loss for the period attributable to:					
Owners of the Company		(5,729)	(6,071)	(7,590)	(7,335)
Non-controlling interests		(82)	(90)	(341)	(859)
		<u>(5,811)</u>	<u>(6,161)</u>	<u>(7,931)</u>	<u>(8,194)</u>
Basic and diluted loss per share	6	<u>HK(0.24)</u> <u>cents</u>	<u>HK(0.26)</u> <u>cents</u>	<u>HK(0.32)</u> <u>cents</u>	<u>HK(0.31)</u> <u>cents</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Loss for the period	<u>(5,811)</u>	<u>(6,161)</u>	<u>(7,931)</u>	<u>(8,194)</u>
Other comprehensive loss:				
Items that may be reclassified subsequently to profit or loss				
– Exchange differences arising on translation of foreign operations during the period	<u>(7,197)</u>	<u>(6,817)</u>	<u>(9,431)</u>	<u>(19,512)</u>
Other comprehensive loss for the period, net of tax	<u>(7,197)</u>	<u>(6,817)</u>	<u>(9,431)</u>	<u>(19,512)</u>
Total comprehensive loss for the period	<u>(13,008)</u>	<u>(12,978)</u>	<u>(17,362)</u>	<u>(27,706)</u>
Total comprehensive loss attributable to:				
Owners of the Company	<u>(11,980)</u>	<u>(11,562)</u>	<u>(15,624)</u>	<u>(23,073)</u>
Non-controlling interests	<u>(1,028)</u>	<u>(1,416)</u>	<u>(1,738)</u>	<u>(4,633)</u>
	<u>(13,008)</u>	<u>(12,978)</u>	<u>(17,362)</u>	<u>(27,706)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) 30 September 2019 HK\$'000	(Audited) 31 March 2019 HK\$'000
	<i>Notes</i>		
Non-current assets			
Right-of-use assets	9	9,827	5,692
Property, plant and equipment	10	5,071	6,511
Investment property	11	55,932	59,649
Goodwill	12	–	–
Biological assets	13	40,266	42,346
		111,096	114,198
Current assets			
Biological assets	13	3,617	3,626
Properties held for sale	14	84,123	89,617
Trade and other receivables	15	165,099	141,382
Cash and bank deposits	16	18,964	32,405
		271,803	267,030
Current liabilities			
Trade and other payables	17	(62,925)	(61,465)
Amounts due to directors	18	20,716	(6,576)
Amounts due to related companies	18	(52,196)	(55,673)
Amounts due to non-controlling interests	18	(2,162)	(2,098)
Convertible notes	19	(31,489)	(30,215)
Income tax payable		(268)	–
		(169,756)	(156,027)
Net current assets		102,047	111,003
Non-current liabilities			
Amount due to a shareholder	18	(69,414)	(69,414)
Lease liabilities		(2,930)	–
Deferred tax liabilities		(18,701)	(20,137)
		(91,045)	(89,551)
Net assets		122,098	135,650
Capital and reserves			
Share capital	20	23,689	23,689
Reserves		45,077	59,019
Equity attributable to owners of the Company		68,766	82,708
Non-controlling Interests		53,332	52,942
Total equity		122,098	135,650

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							Non-controlling interests	Total	
	Share capital	Share premium	Convertible notes equity reserve	Share options reserve	Translation reserve	Other reserve	Accumulated losses			Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
At 1 April 2018 (audited)	23,689	233,339	13,454	11,513	7,334	–	(178,623)	110,706	47,750	158,456
Total comprehensive loss for the period, net of tax	–	–	–	–	(15,738)	–	(7,335)	(23,073)	(4,633)	(27,706)
At 30 September 2018 (unaudited)	<u>23,689</u>	<u>233,339</u>	<u>13,454</u>	<u>11,513</u>	<u>(8,404)</u>	<u>–</u>	<u>(185,958)</u>	<u>87,633</u>	<u>43,117</u>	<u>130,750</u>
At 1 April 2019 (audited)	<u>23,689</u>	<u>233,339</u>	<u>13,454</u>	<u>11,513</u>	<u>(3,642)</u>	<u>–</u>	<u>(195,645)</u>	<u>82,708</u>	<u>52,942</u>	<u>135,650</u>
Total comprehensive loss for the period, net of tax	–	–	–	–	(8,034)	–	(7,590)	(15,624)	(1,738)	(17,362)
Non-controlling interests										
– increase in equity interest in existing subsidiaries	–	–	–	–	–	1,682	–	1,682	(1,682)	–
– acquisition of new subsidiaries	–	–	–	–	–	–	–	–	(247)	(247)
– increase in share capital of an existing subsidiary	–	–	–	–	–	–	–	–	4,057	4,057
At 30 September 2019 (unaudited)	<u>23,689</u>	<u>233,339</u>	<u>13,454</u>	<u>11,513</u>	<u>(11,676)</u>	<u>1,682</u>	<u>(203,235)</u>	<u>68,766</u>	<u>53,332</u>	<u>122,098</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited)	
	Six months ended 30	
	September	
	2019	2018
	HK\$'000	HK\$'000
Net cash used in operating activities	(5,014)	(11,714)
Net cash used in investing activities	(5,499)	(2,516)
Net cash used in financing activities	(2,215)	(5,285)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(12,728)	(19,515)
Cash and cash equivalents at 1 April	32,405	59,116
Effect of foreign exchange rate changes	(713)	(325)
	<hr/>	<hr/>
Cash and cash equivalents at 30 September	18,964	39,276
	<hr/> <hr/>	<hr/> <hr/>
Analysis of cash and cash equivalents at 30 September:		
Cash and bank deposits	18,964	39,276
	<hr/> <hr/>	<hr/> <hr/>

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 2019.

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

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

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

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

2. REVENUE

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2019	2018	2019	2018
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Turnover				
Operating lease rental income	231	179	489	306
Sales of forestry products	35,026	–	35,943	–
Sales of information technology products	5,578	11,337	62,091	51,446
Provision of mobile advertising media	128,143	–	155,834	–
	<u>168,978</u>	<u>11,516</u>	<u>254,357</u>	<u>51,752</u>
Other revenue				
Bank interest income	5	–	12	3
Sundry income	–	–	11	36
	<u>5</u>	<u>–</u>	<u>23</u>	<u>39</u>
Total revenue	<u><u>168,983</u></u>	<u><u>11,516</u></u>	<u><u>254,380</u></u>	<u><u>51,791</u></u>

3. 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 under HKFRS 8 are as follows:

Property business	Property investment and development, operating and managing residential and commercial properties
Forestry business	Research and growing of forestry products for clean energy sector, cultivation, promotion and application of agricultural technologies
General trading business	Sales of information technology products
Advertising business	Provision of mobile advertising media services

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, assets, liabilities and other selected financial information

	(Unaudited) Three months ended 30 September 2019					(Unaudited) Six months ended 30 September 2019				
	Property business	Forestry business	General		Total	Property business	Forestry business	General		Total
			trading business	Advertising business				trading business	Advertising business	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	231	35,026	5,578	128,143	168,978	489	35,943	62,091	155,834	254,357
Bank: interest income	-	-	-	-	-	-	1	-	-	1
Loss arising from changes in fair value less costs to sell of biological assets	-	(1,509)	-	-	(1,509)	-	(305)	-	-	(305)
Amortisation of right-of-use assets	-	-	-	-	-	-	-	-	(142)	(142)
Depreciation of property, plant and equipment	(1)	(3)	-	-	(4)	(2)	(6)	-	-	(8)
Total profit/(loss) of reportable segments	72	(1,210)	840	(120)	(418)	159	(3,383)	710	87	(2,427)
Total assets of reportable segments	140,186	101,739	46,374	78,037	366,336	140,186	101,739	46,374	78,037	366,336
Total liabilities of reportable segments	(73,965)	(20,761)	(4,445)	(62,863)	(162,034)	(73,965)	(20,761)	(4,445)	(62,863)	(162,034)

	(Unaudited) Three months ended 30 September 2018					(Unaudited) Six months ended 30 September 2018				
	Property business HK\$'000	Forestry business HK\$'000	Landscaping and earth-rock engineering business HK\$'000	General trading business HK\$'000	Total HK\$'000	Property business HK\$'000	Forestry business HK\$'000	Landscaping and earth-rock engineering business HK\$'000	General trading business HK\$'000	Total HK\$'000
Revenue from external customers	179	-	-	11,337	11,516	306	-	-	51,446	51,752
Bank: interest income	-	-	-	-	-	-	2	-	-	2
Loss arising from changes in fair value less costs to sell of biological assets	-	(2,160)	-	-	(2,160)	-	(852)	-	-	(852)
Amortisation of land use rights	-	(22)	-	-	(22)	-	(42)	-	-	(42)
Depreciation of property, plant and equipment	(1)	(14)	(167)	-	(182)	(2)	(30)	(352)	-	(384)
Total profit/(loss) of reportable segments	8	(300)	(396)	20	(668)	(80)	(554)	(663)	124	(1,173)
Total assets of reportable segments	145,763	106,127	8,067	13,868	273,825	145,763	106,127	8,067	13,868	273,825
Total liabilities of reportable segments	<u>(77,164)</u>	<u>(7,216)</u>	<u>(9,440)</u>	<u>(11,713)</u>	<u>(105,533)</u>	<u>(77,164)</u>	<u>(7,216)</u>	<u>(9,440)</u>	<u>(11,713)</u>	<u>(105,533)</u>

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

	(Unaudited) Three months ended 30 September 2019		(Unaudited) Six months ended 30 September 2019	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Revenue				
Total revenue for reportable segments	<u>168,978</u>	<u>11,516</u>	<u>254,357</u>	<u>51,752</u>
Consolidated turnover	<u>168,978</u>	<u>11,516</u>	<u>254,357</u>	<u>51,752</u>
Profit or loss				
Total profit/(loss) for reportable segments	<u>(418)</u>	<u>(668)</u>	<u>(2,427)</u>	<u>(1,173)</u>
Unallocated corporate income	<u>5</u>	<u>-</u>	<u>23</u>	<u>39</u>
Unallocated corporate expenses	<u>(5,502)</u>	<u>(5,590)</u>	<u>(5,732)</u>	<u>(7,261)</u>
Consolidated loss before tax	<u>(5,915)</u>	<u>(6,258)</u>	<u>(8,136)</u>	<u>(8,395)</u>

	(Unaudited) 30 September 2019 <i>HK\$'000</i>	(Audited) 31 March 2019 <i>HK\$'000</i>
Assets		
Total assets for reportable segments	366,336	273,825
Unallocated corporate assets	<u>16,563</u>	<u>107,403</u>
Consolidated total assets	<u>382,899</u>	<u>381,228</u>
Liabilities		
Total liabilities for reportable segments	(162,034)	(105,533)
Unallocated corporate liabilities	<u>(98,767)</u>	<u>(140,045)</u>
Consolidated total liabilities	<u>(260,801)</u>	<u>(245,578)</u>

4. LOSS BEFORE TAX

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Loss before tax has been arrived at after charging:				
Staff costs (including directors' remuneration)	3,328	1,261	5,591	2,465
Cost of inventories sold	165,145	11,473	249,373	51,468
Amortisation of rights-of-use assets	402	–	535	–
Depreciation of property, plant and equipment	548	1,230	1,066	1,444
Operating lease charges in respect of land and buildings	20	476	40	969
Share-based payment expenses in respect of consultancy services	–	–	–	–
Imputed interests on convertible notes	<u>643</u>	<u>600</u>	<u>1,260</u>	<u>1,175</u>

5. INCOME TAX CREDIT

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Current tax:				
Hong Kong Profits Tax	–	–	–	–
PRC Enterprise Income Tax	–	–	(3)	6
	–	–	(3)	6
Deferred tax	104	97	208	195
Income tax credit for the period	<u>104</u>	<u>97</u>	<u>205</u>	<u>201</u>

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

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

No provision for current tax has been made for the three months and six months ended 30 September 2019 and 2018 as the Group has no assessable profit from its operations.

6. BASIC AND DILUTED LOSS PER SHARE

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

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
(i) Loss for the period attributable to owners of the Company	<u>(5,729)</u>	<u>(6,071)</u>	<u>(7,590)</u>	<u>(7,335)</u>
	'000	'000	'000	'000
(ii) Weighted average number of ordinary shares	<u>2,368,936</u>	<u>2,368,936</u>	<u>2,368,936</u>	<u>2,368,936</u>

Diluted loss per share for loss attributable to the owners of the Company for the three months and six months ended 30 September 2019 and 2018 were the same as basic loss per share because the impact of the exercise of share options and convertible notes are anti-dilutive.

7. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

8. ACQUISITION OF SUBSIDIARIES

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

Assets acquired and liabilities recognised at the date of completion of the Subscription are as follows:

	<i>HK\$’000</i>
Trade and other receivables	1,612
Cash and bank deposits	13
Trade and other payables	(645)
Amount due to shareholders	<u>(1,313)</u>
Total identifiable net liabilities	<u><u>(333)</u></u>

Excess of subscription money payable over non-controlling interests and net liabilities recognised as expenses on acquisition of the Target Group:

	<i>HK\$’000</i>
Subscription money payable	(1)
Non-controlling interests	247
Net liabilities recognised	<u>(333)</u>
Expenses	<u><u>87</u></u>

Net cash inflow on acquisition of the Target Group

	<i>HK\$’000</i>
Subscription money payable	–
Less: Cash and cash equivalents acquired	<u>(12)</u>
Net cash inflow	<u><u>(12)</u></u>

Included in the loss for the three months and six months ended 30 September 2019, a loss of approximately HK\$246,000 is attributable to the additional business generated by the Target Group. Revenue for the three months and six months ended 30 September 2019 includes approximately of HK\$51,000 generated from the Target Group.

Had the acquisition been completed on 1 April 2019, the Group's total revenue for the three months and six months ended 30 September 2019 would have been approximately HK\$51,000 and HK\$745,000 respectively, and loss for the three months and six months ended 30 September 2019 would have been approximately HK\$246,000 and HK\$505,000 respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2019, nor is it intended to be a projection of future results.

9. RIGHT-OF-USE ASSETS

	<i>HK\$'000</i>
Cost:	
At 1 April 2019 (audited)	5,847
Additions	5,062
Exchange alignment	<u>(364)</u>
At 30 September 2019 (unaudited)	<u><u>10,545</u></u>
Accumulated amortisation:	
At 1 April 2019 (audited)	155
Amortisation provided for the period	575
Exchange alignment	<u>(12)</u>
At 30 September 2019 (unaudited)	<u><u>718</u></u>
Carrying amounts:	
At 30 September 2019 (unaudited)	<u><u>9,827</u></u>
At 31 March 2019 (audited)	<u><u>5,692</u></u>

10. PROPERTY, PLANT AND EQUIPMENT

HK\$'000

Cost:

At 1 April 2019 (audited)	10,782
Additions	6
Disposals	–
Exchange alignment	(656)

At 30 September 2019 (unaudited) 10,132

Accumulated depreciation and impairment loss:

At 1 April 2019 (audited)	4,271
Depreciation provided for the period	1,066
Elimination on disposals	–
Exchange alignment	(276)

At 30 September 2019 (unaudited) 5,061

Carrying amounts:

At 30 September 2019 (unaudited) 5,071

At 31 March 2019 (audited) 6,511

Depreciation provided for the period amounted to approximately HK\$1,066,000 of which approximately HK\$39,000 has been charged as expense as disclosed in note 10 and approximately HK\$1,027,000 has been included in additions to biological assets as disclosed in note 13.

11. INVESTMENT PROPERTY

HK\$'000

Fair value:

At 1 April 2019 (audited)	59,649
Exchange alignment	(3,717)

At 30 September 2019 (unaudited) 55,932

Investment property, which comprises portions of commercial, basement car park and facilities of a property located in the People's Republic of China held under medium-term lease to earn rentals or for capital appreciation purpose, is measured using the fair value model.

No fair value change on the investment property was recognised in profit or loss for the three months and six months ended 30 September 2019. The direct operating expenses for the investment property are approximately HK\$36,000 and HK\$74,000 for the three months and six months ended 30 September 2019 (three months and six months ended 30 September 2018: HK\$34,000 and HK\$70,000) respectively and the rental income generated from the investment property are approximately of HK\$231,000 and HK\$489,000 for the three months and six months ended 30 September 2019 (three months and six months ended 30 September 2018: HK\$179,000 and HK\$306,000) respectively.

12. GOODWILL

	<i>HK\$'000</i>
Cost:	
At 1 April 2019 (audited)	–
Addition	–
Disposal	–
	<hr/>
At 30 September 2019 (unaudited)	–
	<hr/> <hr/>
Accumulated impairment:	
At 1 April 2019 (audited)	–
Provision	–
Elimination	–
	<hr/>
At 30 September 2019 (unaudited)	–
	<hr/> <hr/>
Carrying amounts:	
At 30 September 2019 (unaudited)	–
	<hr/> <hr/>
At 31 March 2019 (audited)	–
	<hr/> <hr/>

Goodwill acquired has been recognised and allocated for impairment testing purposes to the following cash generating unit:

- Yenbo Gain Group (Forestry business segment)

The Group tests goodwill for impairment at the end of each reporting period, or more frequently if there are indications that goodwill may be impaired.

13. BIOLOGICAL ASSETS

	<i>HK\$'000</i>
At 1 April 2019 (audited)	45,972
Increase due to plantation	2,117
Decrease due to harvest	(898)
Loss arising from changes in fair value less costs to sell	(305)
Exchange alignment	<u>(3,003)</u>
At 30 September 2019 (unaudited)	<u><u>43,883</u></u>

Biological assets represent living plants and produce growing for sale, measured at fair value less costs to sell by income approach based on discounted cash flow model and analysed into:

	(Unaudited) 30 September 2019 <i>HK\$'000</i>	(Audited) 31 March 2019 <i>HK\$'000</i>
Non-current portion	40,266	42,346
Current portion	<u>3,617</u>	<u>3,626</u>
	<u><u>43,883</u></u>	<u><u>45,972</u></u>

14. PROPERTIES HELD FOR SALE

	<i>HK\$'000</i>
At 1 April 2019 (audited)	89,617
Additions	90
Exchange alignment	<u>(5,584)</u>
At 30 September 2019 (unaudited)	<u><u>84,123</u></u>

Properties held for sale represent residential portion of a property located in the People's Republic of China and held under medium-term lease.

15. TRADE AND OTHER RECEIVABLES

	(Unaudited) 30 September 2019 HK\$'000	(Audited) 31 March 2019 HK\$'000
Trade receivables	50,128	48,716
Less: Allowance for credit losses	129	129
	<u>49,999</u>	<u>48,587</u>
Other receivables	4,740	35,406
Prepayments	99,782	56,798
Deposits	10,578	591
	<u>165,099</u>	<u>141,382</u>

Notes:

- (i) Other receivables as at 31 March 2019 mainly included the consideration receivable in respect of the disposal of equity interest in certain subsidiaries to Mr. Ng Wah Pang.
- (ii) Prepayments mainly include the amounts paid to suppliers for the procurement of services and products in the ordinary course of business. These amounts are classified as current because the Group expects the balances to be settled in normal operating cycle within 12 months after the reporting period.
- (iii) Deposits mainly include rental deposit of approximately HK\$537,000, deposit for water saving technology irrigation system of approximately HK\$6,076,000 and warranty deposit of approximately HK\$3,740,000 under an advertising service agreement and the supplemental advertising service agreement entered into between Beijing Tencent Cultural Media Company Limited and the Group.

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

	(Unaudited) 30 September 2019 HK\$'000	(Audited) 31 March 2019 HK\$'000
Within 3 months	43,978	46,699
3 months to 6 months	4,179	1,888
Over 6 months	1,842	–
	<u>49,999</u>	<u>48,587</u>

The average credit period granted to customers is 6 months after an invoice has been sent out.

In determining the recoverability of receivables, the Group considers if there is any change in the credit quality of each receivable from the date when credit was initially granted up to the end of the reporting period. No impairment was recognised as there was no indication of significant change on their credit quality.

16. CASH AND BANK DEPOSITS

	(Unaudited) 30 September 2019 HK\$'000	(Audited) 31 March 2019 HK\$'000
Cash at banks and cash on hand	<u>18,964</u>	<u>32,405</u>
Hong Kong Dollar ("HK\$")	13,439	27,877
United States Dollar ("USD")	619	434
Renminbi ("RMB")	<u>4,906</u>	<u>4,094</u>
	<u>18,964</u>	<u>32,405</u>

RMB is currently not a freely convertible currency in the international market. The conversion of RMB into foreign currencies and remittance of RMB out of the PRC are subject to the rules and regulations of the foreign exchange control promulgated by the PRC government.

17. TRADE AND OTHER PAYABLES

	(Unaudited) 30 September 2019 HK\$'000	(Audited) 31 March 2019 HK\$'000
Trade payables	5,331	48,204
Other payables	10,437	10,939
Contract liabilities	44,199	1,376
Lease liabilities	1,620	–
Accruals	1,096	946
Deposits received	<u>242</u>	<u>–</u>
	<u>62,925</u>	<u>61,465</u>

An aging analysis of the trade payables is as follows:

Within 3 months	4,610	47,925
3 months to 12 months	569	–
Over 12 months	<u>152</u>	<u>279</u>
	<u>5,331</u>	<u>48,204</u>

Notes:

- (i) Other payables mainly include (a) the amounts due to an ex-director of the Company and a director of the Company's subsidiaries of approximately HK\$2,500,000 and HK\$1,892,000 (31 March 2019: HK\$2,500,000 and HK\$1,692,000) respectively which have no fixed repayment terms and are unsecured and interest-free; and (b) the balances payable in respect of planting and construction costs of approximately HK\$1,890,000 and HK\$2,697,000 (31 March 2019: HK\$2,015,000 and HK\$2,876,000) respectively.

- (ii) Contract liabilities represent advance payments and deposits received from customers in respect of the provision of mobile advertising media services giving rise to the start of contracts until the revenue recognised on each relevant contract exceeds the amount of the advance payment and deposit. These contract liabilities are classified as current because the Group expects the balances to be settled in normal operating cycle within 12 months after the end of the reporting period.

18. AMOUNTS DUE TO DIRECTORS/RELATED COMPANIES/NON-CONTROLLING INTERESTS/ A SHAREHOLDER

The amounts due to directors/related companies/ non-controlling interests are non-trade nature, unsecured, interest-free and regarded as repayable on demand although there are no fixed repayment terms.

The amount due to a shareholder is non-trade nature, unsecured, interest-free and has no fixed repayment terms. The amounts which the shareholder has no intention to demand for repayment within 12 months after the end of the reporting period are classified as non-current liabilities.

19. CONVERTIBLE NOTES

The movements in the liability component of the Company's convertible notes are set out below:

	<i>HK\$'000</i>
At 1 April 2019 (audited)	30,215
Effective interest expense	1,274
	<hr/>
At 30 September 2019 (unaudited)	31,489
	<hr/> <hr/>

Convertible notes issued on 30 March 2015

On 30 March 2015, the Company issued zero coupon convertible notes with an aggregate face value of HK\$110,000,000 (the "Convertible Notes 2015") to not less than six subscribers who are independent third parties. The Convertible Notes 2015 are unsecured, non-interest bearing and repayable upon maturity which is the fifth anniversary of the date of issue. The holders of the Convertible Notes 2015 have the right at any time during the conversion period to convert the whole or part of the outstanding principal amount of the Convertible Notes 2015 into ordinary shares of the Company at an initial conversion price of HK\$0.10 per share, which has been changed to HK\$0.08 per share with effect from 19 October 2015 as detailed in the Company's announcement dated 15 October 2015.

The Convertible Notes 2015 are compound financial instruments containing two components, liability and equity elements. The fair value of the liability component was calculated using the discounted cash flows method at a market interest rate for the equivalent non-convertible note. The effective interest rate of the liability component on initial recognition is approximately 14%. The equity component, which was stated at its fair value using the Binomial Tree Pricing Model, is included in shareholders' equity as convertible notes equity reserve.

20. SHARE CAPITAL

	Number of shares		Amount	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	30 September	31 March	30 September	31 March
	2019	2019	2019	2019
	'000	'000	HK\$'000	HK\$'000
Ordinary shares of HK\$0.01 each				
Authorised	30,000,000	30,000,000	300,000	300,000
Issued and fully paid	2,368,936	2,368,936	23,689	23,689

No new shares were issued during the six months ended 30 September 2019.

21. RESERVES

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.

22. RELATED PARTY TRANSACTIONS

- (a) 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		Six months ended	
	30 September		30 September	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Fees, salaries and other benefits	666	564	1,326	1,125

- (b) Amounts due to directors/related companies/non-controlling interests/a shareholder of the Company as at 30 September 2019 and 31 March 2019 are disclosed in the condensed consolidated statement of financial position; other details are disclosed in note 18.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

Advertising Business

– *Online Mobile Advertising Business*

The People's Republic of China ("PRC") remains the world's largest contributor for new ad revenue. Mobile advertising accounts for 70% of digital advertising and has occupied the absolute mainstream of the market. Marketers' demands from display ads evolve from simple exposure display to accurate targeting based on big data.

According to eMarketer report "Digital Ad Spending 2019", regardless of the PRC economic slowdown and the trade war with the US, total media ad spending will increase 14.6% in 2019. The report forecasts that digital ad spending in the PRC will grow 22% in 2019, accounting for 69.5% of paid media outlays. It is also to be noted that mobile ad spending will grow 25.7% in 2019 and that social platforms are important for nearly seven in 10 marketers in the PRC.

Facebook generates vast majority of its revenue from advertising in the first half of 2019, making around USD31.54bn for the six months ended 30 June 2019, and this occupies 98.66% of its total revenue. On the other hand, as for another tech giant in the PRC, Tencent Holdings Limited ("Tencent"), its total revenue recorded in the first half of 2019 was RMB174.29bn (USD24.62bn). The online advertising revenue was RMB29.79bn (USD4.21bn), even though the advertising revenue was only 17% of Tencent's total revenue, the segment revenue is up 20% by value comparing with same period in 2018. The PRC online advertising market showed a much vibrant growth potential. In October 2018, Tencent announced a major reform of its strategic organizational upgrade as when Tencent stepped into the second stage of the Internet, the Industrial Internet era. Tencent consolidated all of its advertising operations into a new business line, Advertising and Marketing Services (AMS), to focus and bring greater value to advertisers, making them a very valuable strategic partner.

Baidu Inc. ("Baidu"), Alibaba Group ("Alibaba") and Tencent (collectively "BAT"), along with Sina and Sohu, will capture nearly two-thirds of digital advertising outlays in the PRC in 2019. In this fast-growing market, emerging players like ByteDance, JD.com and Meituan are starting to draw advertisers' attention.

– ***Railroad Advertising Business***

Railroad advertising in the PRC is a relatively new advertising platform that has experienced rapid growth in recent years. Railroad advertising mainly comprises printed media, station and carriage advertising platforms through the railway network in the PRC. China Railway Corporation (“China Railway”), plans to invest a total of 6,800km of new track in 2019, a 45% increase from 2018, in an attempt to complete its strategic goal of building a nationwide high-speed rail network to catch its schedule to build a total of 30,000km of high-speed railway lines by 2020. In 2018, China Railway serviced 3.37bn passengers, an increase of 9.4% compared to 2017 (3.04bn passengers).

China Railway is consolidating its position as the most crucial means of transports in the PRC.

Forestry Business

The Group’s major forestry products during the year 2018 and 2019 included seedling of *Xanthoceras Sorbifolia* (“Xanthoceras”) (文冠果), poplar and *Cistanche deserticola* (“Cistanche”) (肉苁蓉). Xanthoceras, a kind of oil-bearing crop, is an oilseed tree and is endemic specie in the PRC which has been identified as a major woody energy plant for biodiesel production and a replacement of crude oil.

However, the low crude oil price environment in the recent years and the expected low crude oil price in the coming years have resulted in decrease in market demand for oil-bearing crops.

Cistanche is a valuable herbal drug in Chinese herbal medicine which has been linked to numerous health benefits including but not limited to enhancing immune function, improving the circulatory system and defying ageing, antioxidative, anti-inflammatory, and neuroprotective properties. Furthermore, Cistanche has been added to the category of consumable food for trial production in 2018 according to the Letter from National Health and Family Planning Commission of the PRC (國家衛生計生委司(局)便函) promulgated by the National Health and Family Planning Commission of the PRC (中華人民共和國衛生和計劃生育委員會). Cistanche is a valued-added tax exempt agricultural product according to the PRC Value-added Tax Provisional Regulations (中華人民共和國增值稅暫行條例).

General Trading Business

Looking back to the first half of 2019, the global economic growth slowed down dramatically. Although the PRC’s economy has made steady progress, the downward pressure increased in face of the complex and changing external environment, especially the uncertainties surrounding the Sino-US trade dispute. The entire consumer electronics market was weak. In particular, the overall sales volume of the smartphone market was still in a slump due to the lack of clear stimulators.

According to the report issued by International Data Corporation, the global shipment volume of smartphones in 2018 decreased by approximately 4.1% from that in 2017 to approximately 1,400 million units. Among which, the shipment volume of Chinese smartphone brands reached approximately 360 million units in total, contributing to approximately 25.7% of the market share.

On the other hand, the global retail sourcing and procurement market was valued at USD2,782.2 million in 2017 and is forecasted to witness a CAGR of 11.6% during 2018–2023. Rising demand for centralized procurement, and growing need for increased visibility in supply chain, are the key factors driving the market growth. Besides, the increasing focus on digital transformation would propel the market growth in the coming years.

Property Business

Due to the Price-cap policies, the PRC’s property price has been relatively flattish and stable with most cities in the first half of 2019. On the back of weaker market sentiment and slower economic growth, it is expected residential property prices as well as sales forecast in the PRC will remain stable in the second half of 2019, despite the risk of policy tightening.

BUSINESS REVIEW

Advertising Business

– *Online Mobile Advertising Business*

Shenzhen Zhixunpai Information Technology Company Ltd. (“Shenzhen Zhixun”), a subsidiary of the Company, maintains a close collaboration with BAT as well as a multitude of mainstream media.

Reference is made to the announcement of the Company dated 3 June 2019 in relation to Shenzhen Zhixun was granted a certificate by a subsidiary of Tencent for acting as its only recommended service agent for the advertisement for real estate industry in the Guangdong A District (including Chaozhou, Dongguan, Heyuan, Huizhou, Jieyang, Meizhou, Shantou, Shanwei and Shenzhen). In any event the customers would like to place an advertisement in Tencent’s proprietary advertising and media platforms for real estate industry in the Guangdong A District, including Tencent Social Ads, Tencent News, Tencent Sports, Wechat and QQ, etc, the customers have to procure from Shenzhen Zhixun.

Our proprietary advertising platform and technologies help media publishers monetize their traffic through displays of advertisements on the one hand, and help advertisers maximize the effectiveness of their advertising delivery on the other hand.

The factors that drive success in this business primarily include (i) having a large pool of advertisers as customers, (ii) close collaboration with third-party media publishers particularly BAT, that are attractive to our customers, and (iii) an in-house team with strong digital marketing know-how and advanced technical capabilities.

Leveraging on its big data and information technology capabilities, the network coverage of its established media base and close collaboration with the media, particularly BAT, Shenzhen Zhixun acts as a one-stop solutions provider rendering mobile advertising and media services to the customers by identifying and matching the suitable online media and advertisement inventories from the media publishers which are third-party media and advertising platform operators.

– ***Railroad Advertising Business***

With high and growing passenger traffic in the High Speed Rail, the Group has seized the opportunity to utilise such great exposures to provide the customers with an advertisement and media platform, to display their advertisement across the PRC.

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

We are the only railway magazine operator of China Railway Guangzhou Group Co., Ltd. (“CRGG”). Guangzhou Railway has serviced over 470 millions of passengers in 2018. The railway routes cover 26,000km of rail track, including: 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.

With the continuous growth in the PRC economy and the PRC Government’s plan to continue developing the high-speed railway network, our management expects that the passenger traffic of the high-speed railway network and the railway sector will continue to increase. Compared with the traditional printed media, as the sole magazine publisher within the CRGG, we are in a unique position to build an efficient media platform for the Railway management, the merchants and the passengers to interact, share information and channel traffic. Our management believes that we will benefit from a dominant presence in the on-board printed media business in the high-speed railway network in the PRC.

The Group will leverage the traffic channeled by leading media provider such as Tencent and the CRGG and its team to explore the development opportunities in both online and offline advertising and media platforms so as to expand its advertising business.

For the six months ended 30 September 2019, revenue of approximately 155,834,000 was generated from the provision of advertising media services.

Forestry Business

The Group has been managing and operating its forestry business by continuously monitoring the market potentials of different forestry products which are compatible with the Group's seedling technology and forestry area, evaluating and adjusting the Group's forestry product portfolio from time to time. The research and development function of the Group carries out researches on the prevailing forestry products in the market and participates in the seminars and conferences to share the latest information and development of the forestry industry from time to time so as to identify suitable types of forestry products with growth potential for cultivation. As the Group's seedling technology can be applied on a large variety of forestry products, including oil-bearing crops and commercial crops. The Group has the flexibility to adjust its forestry product portfolio in response to changing market demands and trends. As discussed in the "Market Overview" above, there are sufficient marked potentials for growing Cistanche, hence, the Group has started to focus on the cultivation of Cistanche with increase in use of its forestry area.

The Group will continue to operate and develop its forestry business by (i) closely monitoring the market trends and conditions of forestry products in order to identify suitable types of plants with growth potential for cultivation when opportunity arises; (ii) further research and development of existing and new forestry products; (iii) close collaboration with the breeding research bases; (iv) continuing to explore the business opportunities in forestry products trading so as to diversify the income stream; and (v) continuing to explore the possibility to acquire further interests in Zhifeng Holdings Limited as disclosed in the circular of the Company dated 20 September 2018.

For the six months ended 30 September 2019, revenue of approximately 35,943,000 was generated from the sales of the forestry products. The Group expects more revenue will be generated from sales of Cistanche and other forestry products, after the transitional period of the adjustment of the forestry product portfolio.

General Trading Business

The Group provides a one-stop supply chain solution for the market-driven customers providing them with the most cost-effective solutions to meet their procurement needs. The Group offers a wide range of bespoke services and solutions including product bundle optimization, ordering and sourcing, customs clearance and logistics management to help the customers to seek the finest procurable options in the market based on the customers' respective specifications. The products offered by the Group include smartphones, mobile tablets, other electronic devices and accessories, electronic components, batteries and uninterruptible power supplies. In addition to the sourcing network of the trade partners, the Group relied on the experience and expertise of its management team to grow this business significantly. The management team monitors continuously the market potentials of a wide range of industry to optimise its product portfolio and solicits new customers to develop the markets in Southeast Asia and Africa.

The overall economy and smartphone market are expected to remain challenging in the second half of this financial year while the power source industry as well as the optical components industry have seen a significant growth. The Group has started to explore the power source industry that comprises a wide range of batteries, from dry cell to advanced lithium, and power supplies to diversify further its product portfolio. The Group will proactively explore new investment opportunities in order to further diversify its activities to strengthen and broaden the revenue bases by introducing different lines of products and marketing channels to extend its trading business and development in upstream and downstream supply chain.

For the six months ended 30 September 2019, revenue of approximately HK\$62,091,000 was generated from the sales of information technology products.

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. (in 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 six months ended 30 September 2019, revenue of approximately HK\$489,000 was derived from short term leasing of the commercial portion of the property.

OUTLOOK

Entering into 2019, the global economy is facing a slowdown risk after a strong recovery in the last two years. The PRC economy is still in a critical stage of adjustment and this process will be prolonged. The trade dispute between the US and the PRC will continue to cause volatilities and uncertainties on the Group’s businesses. The recently announced resumption of trade talks and halt on imposing additional import tariffs temporarily removed the threat of having more of the Group’s businesses affected.

The geopolitical and economic climate around the world will remain uncertain and challenging in the immediate future. Of particular concern are the escalation of the US trade conflicts with the PRC and other major economies for their potential adverse impacts on global trade flows and investor sentiment. Separately, the evolving global financial conditions amid the market increasingly expected that US interest rates would rise faster than earlier expected. Hong Kong as a major economic and trading city in Asia is not immune from the uncertainties about the global economies. The Group’s long-term profitability and business growth are affected by

the volatility and uncertainty of macroeconomic conditions, and uncertain economic outlook and political conditions of Hong Kong, the Mainland of the PRC, US and Asia countries. Nevertheless, the Group will continue to strengthen its efforts in marketing, enhance the production quality, reinforce internal controls and implement stringent control over the costs in order to respond to the challenging global market conditions and achieve business growth of the Group.

In order to hedge these uncertainties and its consequences, the Group has taken advantage of its strategic position in the industry to look for opportunities upstream and downstream of the value chain to secure a larger share of the profit and leverage its extensive experience.

The Group is also hedging these risks by diversifying the product structure of the supply chain service, by leveraging its extensive sourcing network to extend to provide solutions for other high demand products, taking into account volume, risk and profit. For instance, the Group has started the trading of batteries as well as power supplies. The Group has also started investigating optical components as well as a wider range of battery products, including 18650 lithium batteries.

Uncertainties in the global trade landscape will continue to affect the supply chain over the next few years. The migration of production out of the PRC is not only driven by tariff increases but also the country's push to transform from a manufacturing exporter into a high-tech service provider. While trade talks are ongoing, we believe the production migration out of the PRC will continue regardless of any deal, as retailers want a more diversified supply chain network.

We will continue to invest into the development of online sales channels to cope with changing consumer shopping habits and tap opportunities from the growth of online retail. We will also maintain our long-term strategy of further developing our brands and global distribution network as well as investing in global supply chain, advertising business, and other high growth potential businesses. Different funding sources in the market will be considered from time to time with a view to strengthen the Company's capital base.

RISK FACTORS

Market Risk

2019 has been so far a year of uncertainty. The world economy has been maintaining a modest growth but its momentum has slowed down. The economic environment, inflation level and monetary policy of all major economies have been greatly diverse. The exchange rate of USD to RMB breached 7 this year, resulting from the influence of multiple factors such as the escalation of the trade tensions and the deleveraging in the PRC.

The global economy has witnessed a series of trade disputes between the PRC and the US since 2018, which evolved into a full-fledged trade war. With threats of further tariffs and retaliation, the tension between the PRC and the US inevitably intensifies. Consequences for the global economy and for trade volume are straightforward and felt, resulting in disruptions to the global supply chain. This could result in revenue volatility for the general trading business segment in which the supply chain solution for electronic components could suffer from the global economic cooldown and tariffs, that force stakeholders to further diversify their sourcing network.

Natural Risk

The ability to harvest *Xanthoceras Sorbifolia*, poplar seeding and *Cistanche deserticola*, and the growth of plants may be affected by unfavourable local weather conditions and natural disasters. Weather conditions such as floods, droughts, cyclones and windstorms and natural disasters such as earthquakes, fire, disease, insect infestation and pests are examples of such events. The occurrence of severe weather conditions or natural disasters may diminish the supply of plants available for harvesting, or otherwise impede the logging operations or the growth of plants, which in turn may have an adverse effect on the Group's forestry business.

Compliance with Laws and Regulations

Our business is subject to the PRC laws and regulations, including without limitation sale of goods and services, trade descriptions, intellectual property, product safety, food safety, personal data privacy, insurance, dutiable commodities, product eco-responsibility, telecommunications and broadcasting, competition, listing and disclosure, and corporate governance.

The Board paid attention to the Group's policies and practices on compliance with all significant legal and regulatory requirements essential to its business operations. In addition to the management team's experience and expertise, the Group would also seek professional advice from its external legal advisers and consultants to ensure that transactions and business to be performed by the Group are in compliance with applicable environmental policies, laws and regulations. During the six months ended 30 September 2019, as far as the Company is aware, it has complied in all material respects of the laws or regulations that have a significant impact on the Group's business and operation.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2019, the Group's cash and bank deposits amounted to approximately HK\$18,964,000 which has decreased by approximately 41.48% when comparing with the cash and bank deposits of approximately HK\$32,405,000 as at 31 March 2019.

As at 30 September 2019, the Group had net current assets of approximately HK\$102,047,000 (31 March 2019: HK\$111,003,000).

Most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars, United States dollars and Renminbi. The Group adopted a conservative treasury policy with almost all bank deposits being kept in Hong Kong dollars or in Renminbi of the PRC operating subsidiaries to minimise exposure to foreign exchange risks. The Group is closely monitoring the movement of the foreign currency rate and will consider hedging significant foreign currency exposure should the need arise. As at 30 September 2019, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes.

The share capital of the Company as at 30 September 2019 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>2,368,936</u>	<u>23,689</u>

No new shares of the Company were allotted and issued during the six months ended 30 September 2019.

GEARING RATIO

The Group's gearing ratio, which was defined as the ratio of net debt (borrowings less cash and cash equivalents) to equity, was approximately 119% as at 30 September 2019 (31 March 2019: 81%).

The increase in gearing ratio as at 30 September 2019 as compared to that of 31 March 2019 is mainly attributable to the decrease in cash and bank deposits.

CONTINGENT LIABILITIES

As at 30 September 2019, the Group did not have any material contingent liabilities (31 March 2019: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2019, the Group had approximately 82 employees (31 March 2019: 70 employees). The Group reviewed employees' remuneration from time to time and salary adjustment was normally made on an annual basis. Special adjustment based on length of service and good performance could be made at any time when warranted. In addition to salaries, the Group provided employees' benefits such as medical insurance and provident fund. Share options and bonuses were also available to employees of the Group at the discretion of the directors of the Company (the "Directors") and depending upon the financial performance of the Group.

RESULTS OF OPERATIONS

For the six months ended 30 September 2019, the Group recorded a turnover of approximately HK\$254,357,000, representing an increase of approximately 391.49% as compared with a turnover of approximately HK\$51,752,000 for the corresponding period of last year.

Loss attributable to owners of the Company was approximately HK\$7,590,000 for the six months ended 30 September 2019, which was approximately 3.47% higher than the loss attributable to owners of the Company incurred for the corresponding period of last year of approximately HK\$7,335,000.

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, customers or any individual business or entity providing goods or services, 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 six months ended 30 September 2019.

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

Participants	Date of grant	Exercisable period	Exercise price per share	No. of underlying shares comprised in option					As at 30 September 2019
				As at 1 April 2019	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	
Employees of the Group	4 February 2016	4 February 2016 – 6 January 2026	HK\$0.264	33,600,000	–	–	–	–	33,600,000
Consultants	4 February 2016	4 February 2016 – 6 January 2026	HK\$0.264	78,400,000	–	–	–	–	78,400,000
				<u>112,000,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>112,000,000</u>

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

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles in and complied with the requirements of the Corporate Governance Code (“CG Code”) as set out in Appendix 15 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) throughout the six months ended 30 September 2019.

BOARD OF DIRECTORS

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

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

BOARD COMMITTEES

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

Audit Committee

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

Nomination Committee

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

Remuneration Committee

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

INTERESTS OF DIRECTORS

As at 30 September 2019, the interests and short positions of the Directors or chief executive of the Company in the shares, the underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO), required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long Position in Shares and Underlying Shares of the Company

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

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

Save as disclosed above, as at 30 September 2019, none of the Directors and chief executive of the Company had interests and short positions in the shares, the underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO), required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the six months ended 30 September 2019 was any of the Company or its subsidiaries a party to any arrangements to enable the Directors or chief executives of the Company (including their spouses or children under 18 years of age) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTEREST OF SUBSTANTIAL SHAREHOLDERS AND OTHER SHAREHOLDERS

As at 30 September 2019, save as disclosed below, so far is known to the Directors and chief executives of the Company, no person (other than a Director or a chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO or, who is directly or indirectly, interested in 5% or more of the issued share capital of the Company.

Long Position in Shares of the Company

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. (Note 1)	Beneficial owner	Corporate	337,920,000	14.26%
Mr. Huang Shih Tsai (Note 2)	Beneficial owner	Personal	155,000,000	6.54%

Notes:

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

COMPETING INTEREST

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company (as defined in the GEM Listing Rules) nor any of their respective close associates that competes or may compete, either directly or indirectly, with the business of the Group or any other conflict of interest which any such person has or may have with the Group during the six months ended 30 September 2019.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company had not redeemed any of its shares during the six months ended 30 September 2019. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company’s shares during the six months ended 30 September 2019.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding the directors' transaction in securities of the Company. Having made specific enquiry of all Directors, each of the Directors has confirmed that he/she has complied with the required standard of dealings as set out in the adopted code of conduct regarding the directors' securities transaction throughout the six months ended 30 September 2019.

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

Hong Kong, 14 November 2019

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

This announcement will remain on the "Latest Company Announcements" 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).