

First Quarterly Report 2009



世大控股有限公司
Great World Company Holdings Ltd

(Formerly known as 大誠電訊科技有限公司 TS Telecom Technologies Limited)

Stock Code: 8003

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

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Given the emerging nature of companies listed on GEM, 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 report, for which the directors (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 the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- Turnover was approximately HK\$3,866,000 for the first quarter ended 30 June 2009 compared with a turnover of approximately HK\$3,849,000 for the same period of last year.
- The Group posted a loss attributable to owners of the Company of approximately HK\$1,964,000 for the first quarter ended 30 June 2009, which was 66% higher than the loss attributable to owners of the Company for the first quarter of last year.
- As at 30 June 2009, the Group has approximately HK\$1,602,000 or HK\$0.004 per share of cash on hand.

RESULTS

The Board of Directors (the "Board") of Great World Company Holdings Ltd (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the three months ended 30 June 2009, together with the comparative unaudited figures for the corresponding period in 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited	
		Three months ended	
		30 June	
	<i>Notes</i>	2009	2008
		HK\$'000	HK\$'000
Turnover	2	3,866	3,849
Cost of sales		(3,566)	(1,641)
Gross profit		300	2,208
Other revenue and net income	2	1,225	882
Selling and distribution costs		(497)	(380)
Administrative and other operating expenses		(3,828)	(2,757)
Operating loss		(2,800)	(47)
Finance costs		(5)	(2)
Share of results of associate		548	193
Profit/(loss) before tax	4	(2,257)	144
Income tax	5	(96)	(22)
Profit/(loss) for the period		(2,353)	122
Profit/(loss) attributable to:			
Owners of the Company		(1,964)	(1,186)
Non-controlling interests		(389)	1,308
		(2,353)	122
Loss per share – Basic	6	(0.5) cents	(0.4) cents
Loss per share – Diluted	6	N/A	N/A
Dividend	8	–	–

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Three months ended	
	30 June	
	2009	2008
	HK\$'000	HK\$'000
Profit/(loss) for the period	<u>(2,353)</u>	<u>122</u>
Other comprehensive income:		
Exchange differences arising on translation of foreign operations	13	544
Merger difference written-off	<u>-</u>	<u>250</u>
	<u>13</u>	<u>794</u>
Total comprehensive income for the period	<u>(2,340)</u>	<u>916</u>
Total comprehensive income attributable to:		
Owners of the Company	(1,951)	(527)
Non-controlling interests	<u>(389)</u>	<u>1,443</u>
	<u>(2,340)</u>	<u>916</u>

NOTES:

1. Basis of preparation

The unaudited condensed consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2009. The accounts are unaudited but have been reviewed by the Company's audit committee.

2. Revenue

	Unaudited Three months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
An analysis of the Group's turnover is as follows:		
Sale of goods, net of discounts and value-added tax	<u>3,866</u>	3,849
An analysis of the Group's other revenue and net income is as follows:		
Interest income	2	2
Other service income	802	702
Provision for impairment loss on inventories reversed	290	–
Sundry income	<u>131</u>	178
	<u>1,225</u>	882
Total revenue	<u>5,091</u>	4,731

3. Operating segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

For the three months ended 30 June 2009, the Group has 2 reportable segments – (1) assembly, distribution and integration of telecommunication products and (2) exploration, mining and processing of iron. These segments are managed separately as they belong to different industries and require different operating systems and strategies. There are no sales or other transactions between these reportable segments. An analysis of the Group's segment information for the three months ended 30 June 2009 is presented below:

	Unaudited		
	Assembly, distribution and integration of telecommunication products HK\$'000	Exploration, mining and processing of iron HK\$'000	Total HK\$'000
Turnover:			
Revenues from external customers	3,866	–	3,866
Interest income	2	–	2
Other revenues	<u>1,092</u>	<u>131</u>	<u>1,223</u>
Total income	<u>4,960</u>	<u>131</u>	<u>5,091</u>
Depreciation and amortisation	<u>3</u>	<u>79</u>	<u>82</u>
Reportable segment loss before tax	<u>(567)</u>	<u>(455)</u>	<u>(1,022)</u>
Unallocated corporate expenses			(1,783)
Share of results of associate			<u>548</u>
Loss before tax			<u>(2,257)</u>

For the three months ended 30 June 2008, the Group had 1 reportable segment – assembly, distribution and integration of telecommunication products. An analysis of the Group's segment information for the three months ended 30 June 2008 is presented below:

	Unaudited Assembly, distribution and integration of telecommunication products HK\$'000	Total HK\$'000
Turnover:		
Revenues from external customers	3,849	3,849
Interest income	2	2
Other revenues	880	880
Total income	<u>4,731</u>	<u>4,731</u>
Depreciation and amortisation	<u>2</u>	<u>2</u>
Reportable segment profit before tax	<u>1,885</u>	1,885
Unallocated corporate income		1
Unallocated corporate expenses		(1,935)
Share of results of associate		<u>193</u>
Profit before tax		<u>144</u>

4. Profit/(loss) before tax

Profit/(loss) before tax is arrived at after charging:

	Unaudited Three months ended 30 June 2009 HK\$'000	2008 HK\$'000
Staff costs (including directors' remuneration)	1,740	1,412
Operating lease charges in respect of land and buildings	248	144
Depreciation and amortisation	82	2
Impairment loss on inventories	–	238
Impairment loss on trade receivables	738	–
Merger difference written off	<u>–</u>	<u>250</u>

5. Income tax

	Unaudited Three months ended 30 June 2009 HK\$'000	2008 HK\$'000
Hong Kong profits tax	–	–
Income tax of other jurisdictions	<u>96</u>	<u>22</u>
	<u>96</u>	<u>22</u>

- (i) No Hong Kong profits tax has been provided as the companies operating in Hong Kong did not have any assessable profits arising in Hong Kong for the three months ended 30 June 2009.
- (ii) Income tax of other jurisdictions has been calculated on the estimated assessable profits for the period at the rate(s) of taxation prevailing in the relevant jurisdictions in which the Group operates.

6. Loss per share

The calculation of the Group's basic loss per share for the three months ended 30 June 2009 is based on the Group's net loss attributable to owners of the Company of approximately HK\$1,964,000 (three months ended 30 June 2008: approximately HK\$1,186,000) and the weighted average number of approximately 406,314,000 ordinary shares in issue for the three months ended 30 June 2009 (three months ended 30 June 2008: approximately 338,596,000 ordinary shares).

There is no diluted loss per share since the Company has no dilutive potential ordinary shares for the three months ended 30 June 2009 (three months ended 30 June 2008: Nil).

7. Reserves and non-controlling interests

	Unaudited								Total HK\$'000
	Share premium HK\$'000	Share options reserve HK\$'000	PRC statutory reserves HK\$'000	Merger difference HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total reserves attributable to owners of the Company HK\$'000	Non- controlling interests HK\$'000	
At 1 April 2008	96,898	706	3,808	(250)	3,112	(129,999)	(25,725)	-	(25,725)
Loss for the period	-	-	-	-	-	(1,186)	(1,186)	1,308	122
Exchange differences arising on translation of foreign operations	-	-	-	-	409	-	409	135	544
Merger difference written off	-	-	-	250	-	-	250	-	250
Total comprehensive income for the period	-	-	-	250	409	(1,186)	(527)	1,443	916
At 30 June 2008	96,898	706	3,808	-	3,521	(131,185)	(26,252)	1,443	(24,809)
At 1 April 2009	109,932	706	3,808	-	3,450	(142,080)	(24,184)	1,317	(22,867)
Loss for the period	-	-	-	-	-	(1,964)	(1,964)	(389)	(2,353)
Exchange differences arising on translation of foreign operations	-	-	-	-	13	-	13	-	13
Total comprehensive income for the period	-	-	-	-	13	(1,964)	(1,951)	(389)	(2,340)
At 30 June 2009	109,932	706	3,808	-	3,463	(144,044)	(26,135)	928	(25,207)

The share premium account of the Company is distributable to the owners of the Company under the Companies Law 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 share options reserve represents the fair value of the number of unexercised share options granted by the Company recognised in accordance with the accounting policy adopted for equity-settled share-based payments.

The People's Republic of China ("PRC") statutory reserves represent transfers made to the general reserve fund and the enterprise development fund set up by certain subsidiaries in the PRC, pursuant to the relevant regulations. According to the regulations, the general reserve fund may be used for making up losses, if any, and increasing capital while the enterprise development fund may be used for increasing capital.

The merger difference of the Group represents the difference between the nominal value of the share capital of a subsidiary acquired pursuant to the Group's reorganisation which took place during the year ended 31 March 2000 over the nominal value of the share capital of the Company issued in exchange thereof.

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

8. Dividend

The Board does not recommend the payment of a dividend for the three months ended 30 June 2009 (three months ended 30 June 2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Results of Operations

Turnover was approximately HK\$3,866,000 for the first quarter ended 30 June 2009 compared with a turnover of approximately HK\$3,849,000 for the same period of last year.

The gross margin was 8% for the current quarter as compared to a gross profit margin of 57% for the corresponding period in 2008 due to cut throat competition.

The other income represented bank interest income of approximately HK\$2,000, sundry income of approximately HK\$131,000 and other service income of approximately HK\$802,000 and provision for impairment loss on inventories reversed of approximately HK\$290,000.

During the period, the Group continued to control the selling and distribution costs and the administrative and other operating expenses tightly. However both collectively increased by 38% as compared to the same period of last year mainly attributable to an impairment loss on trade receivables of approximately HK\$738,000 (2008: Nil) in respect of the telecommunication products business has been recognised and operational expenses of approximately HK\$582,000 (2008: Nil) in respect of the mining business has been consolidated.

The increase in finance costs was attributable to the slight increase in interest-bearing borrowings as compared to the same period of last year.

The Group posted a loss attributable to owners of the Company of approximately HK\$1,964,000 for the first quarter ended 30 June 2009, which was 66% higher than the loss attributable to owners of the Company incurred for the first quarter of last year.

Segment Information

Business from telecommunications products accounts for 100% of the turnover of the Group for the three months period ended 30 June 2009.

Telecommunications Products

During this quarter, the Group continued to encounter pressure from customers demanding for concession of contract terms including lower pricing and longer payment period, causing the Group to take a longer time to close and sign contracts. It was quite clear that the business environment of the telecom monitoring equipment industry of China has become unfavorable and competitive.

Mining Products

The Group put full effort to develop the iron mines which expects first extraction before the quarter ended 2009.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2009, our cash balance of approximately HK\$1,602,000 has decreased by approximately 47% when comparing with the cash balance of approximately HK\$3,030,000 as of 31 March 2009.

As at 30 June 2009, the Group had net current liabilities of approximately HK\$14,825,000 and the Directors have taken active measures to improve the liquidity and financial position of the Group. On 27 July 2009 the Company entered into a Placing and Subscription Agreement with the Placing Agent, Sun Hung Kai Financial, on a best effort basis to place up to 80,000,000 Placing Shares at a price of HK\$0.265 per Placing Share to the Placees, who together with their ultimate beneficial owner(s) will be Independent Third Parties. The completion of the Placing took place on 30 July 2009 and the completion of the Subscription took place on 7 August 2009. The net proceeds from this placement amounts to HK\$20.3 million. Therefore, the directors are of the view that the Group will have sufficient working capital for the foreseeable future.

Most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars and Renminbi. The Group adopted a conservative treasury policy with almost all bank deposits being kept in Hong Kong dollars, or in the local currencies of the operating subsidiaries to minimize exposure to foreign exchange risks. As at 30 June 2009, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes.

For the three months ended 30 June 2009, there was no change in the capital structure and issued capital of the Group.

SHARE OPTION SCHEME

The Company has a share option scheme (the "2002 Share Option Scheme") under which 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 Scheme. The maximum number of shares which can be granted under the 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 2002 Share Option Scheme during the period under review.

The following table discloses details of options outstanding under the 2002 Share Option Scheme as at 30 June 2009; there is no movement during the period under review.

Grantee	Date of grant	Exercise price HK\$	Exercise period	Outstanding as at 30 June 2009 '000
Directors				
Ms. NG Mui King, Joky	29/2/2008	0.319	29/2/2008 to 2/8/2012	338
Mr. WONG Kai Tat	29/2/2008	0.319	29/2/2008 to 2/8/2012	3,380
Ms. HUI Sin Man, Alice	29/2/2008	0.319	29/2/2008 to 2/8/2012	338
Sub-total				4,056
Employees				
	29/2/2008	0.319	29/2/2008 to 2/8/2012	3,380
Total				7,436

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

The Company has complied with the code provisions of the Code on Corporate Governance Practices (the "CG Code") set out in Appendix 15 of the GEM Listing Rules throughout the three months ended 30 June 2009.

REMUNERATION COMMITTEE

A remuneration committee was established on 11 November 2005 with written terms of reference in accordance with the code provision B.1.1 of the CG Code. The remuneration committee comprises one executive director, namely Ms. Ng Mui King, Joky (Mr. Wong Kai Tat as her alternate), and the two independent non-executive directors, namely Mr. Chung Kam Fai, Raymond and Ms. Hui Sin Man, Alice (chairman of the remuneration committee).

The principal responsibilities of the remuneration committee include formulation of the remuneration policy, review and recommending to the Board the annual remuneration policy, and determination of the remuneration of the Executive Directors and members of the Senior Management.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors, namely Mr. Chung Koon Yan (chairman of the audit committee), Mr. Chung Kam Fai, Raymond and Ms. Hui Sin Man, Alice. On 11 November 2005, the Company adopted new terms of reference for the audit committee to include such duties as stipulated in code provision C.3.3 of the CG Code.

The primary duties of the audit committee are to review and supervise the financial report process and internal control system of the Group and to review the Company's annual reports and financial statements, interim and quarterly reports and connected transactions. The audit committee has reviewed the draft of this report and has provided advice and comments thereon.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2009, the interests of the Directors and Chief Executive and short positions 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 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 they were taken or deemed to have under such provisions of the SFO) and 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 Rule 5.46 of the GEM Listing Rules were as follows:

(1) Long position in shares of the Company

Director	Number of ordinary shares of HK\$0.1 each				Total number of shares	Approximate percentage holding of shares %
	Personal interest	Family interest	Corporate interest	Other interest		
As at 30 June 2009:						
Ms. Ng Mui King, Joky (Note 1)	-	-	168,960,000	-	168,960,000	41.58

Note:

1. These shares were held by Gold City Assets Holdings Ltd. which was owned as to 51% by Ms. NG Mui King, Joky and as to 49% by Fine Day Asset Holdings Inc.

(2) Long position in shares of associated corporation

Director	Associated corporation	Nature of interests	Total number of shares	Approximate percentage holding of shares %
As at 30 June 2009:				
Ms. Ng Mui King, Joky	Gold City Assets Holdings Ltd.	Personal	51	51

(3) Long position in the underlying shares of the Company

Director	Personal interest	Family interest	Corporate interest	Other interest	Description of securities	Total number of underlying shares	Approximate percentage of interests %
Ms. Ng Mui King, Joky	338,000	-	-	-	Share options	338,000	0.08
Mr. Wong Kai Tat	3,380,000	-	-	-	Share options	3,380,000	0.83
Ms. Hui Sin Man, Alice	338,000	-	-	-	Share options	338,000	0.08

Save as disclosed above, none of the Directors and the Chief Executive of the Company has interests and short positions in the shares, the underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were 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 they were taken or deemed to have under such provisions of the SFO) and 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 Rule 5.46 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the period under review was any of the Company, its subsidiaries or holding company a party to any arrangements to enable the directors or chief executives (including their spouses or children under 18 years of age) of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTEREST DISCLOSABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 30 June 2009, the interest of the shareholders in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO were as follows:

(1) Long position in shares of the Company

Name of shareholder	Capacity	Total number of shares of HK\$0.1 each	Approximate percentage holding of shares %
Gold City Assets Holdings Ltd. (Note 1)	Beneficial owner	168,960,000	41.58
Fine Day Asset Holdings Inc. (Note 1)	Interest of a controlled corporation	168,960,000	41.58
Ms. Ng Mui King, Joky (Note 1)	Interest of a controlled corporation	168,960,000	41.58

Note:

1. These shares are held by Gold City Assets Holdings Ltd. which is owned as to 51% by Ms. Ng Mui King, Joky and as to 49% by Fine Day Asset Holdings Inc.

(2) **Long position in the underlying shares of the Company**

Name of shareholder	Type of interests	Description of securities	Number of underlying shares	Approximate percentage of interests %
Ms. Ng Mui King, Joky	Beneficial	Share options	338,000	0.08

Save as disclosed above, the Directors are not aware of any other person who had an interest or short position in the shares or underlying shares of the Company as at 30 June 2009 which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or, who was expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

COMPETING INTEREST

None of the directors or the management shareholders of the Company (as defined in the GEM Listing Rules) has, at any material time, an interest in a business that competed with or might compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code for securities transactions by Directors set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company confirmed that, having made specific enquiry from all Directors, the Directors have complied with the required standard of dealings and its code of conduct regarding securities transactions by Directors for the three months ended 30 June 2009.

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

Hong Kong, 14 August 2009

As at the date of this report, the Board comprises of (i) three Executive Directors, namely Ms. Ng Mui King, Joky, Mr. Wong Kai Tat and Mr. He Zhi Ming; (ii) one Non-Executive Director, namely Mr. Pong Shing Ngai; and (iii) three Independent Non-Executive Directors, namely Mr. Chung Koon Yan, Mr. Chung Kam Fai, Raymond and Ms. Hui Sin Man, Alice.