



Great World

Company Holdings Ltd

世大控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8003

2011

Interim Report



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

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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 GEM 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 the information contained in this report 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 in this report misleading.

HIGHLIGHTS

- Turnover was approximately HK\$2,023,000 and HK\$3,643,000 respectively for the three months and six months ended 30 September 2011.
- Loss attributable to owners of the Company for the three months ended 30 September 2011 was approximately HK\$1,314,000, versus a loss attributable to owners of the Company of approximately HK\$3,409,000 for the corresponding period of last year.

Loss attributable to owners of the Company for the six months ended 30 September 2011 was approximately HK\$5,262,000, versus a loss attributable to owners of the Company of approximately HK\$5,137,000 for the corresponding period of last year.

- The Board does not recommend the payment of interim dividend for the six months ended 30 September 2011 (six months ended 30 September 2010: Nil).

RESULTS

The board of directors (the “Board”) of Great World Company Holdings Ltd (the “Company”) presents the financial information of the Company and its subsidiaries (the “Group”), comprising the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the three months and six months ended 30 September 2011 and the consolidated statement of financial position of the Group as at 30 September 2011, 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 INCOME STATEMENT

	Notes	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
		2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Turnover	2	2,023	1,439	3,643	5,085
Cost of sales		(2,232)	(1,286)	(4,018)	(4,741)
Gross (loss)/profit		(209)	153	(375)	344
Other revenue and net income	2	2,553	78	3,441	94
Selling and distribution costs		(7)	(569)	(591)	(1,135)
Administrative and other operating expenses		(3,888)	(3,941)	(8,301)	(6,433)
Operating loss		(1,551)	(4,279)	(5,826)	(7,130)
Finance costs	4	(264)	(2)	(264)	(2)
Share of profits of associate		62	351	352	903
Loss before tax	5	(1,753)	(3,930)	(5,738)	(6,229)
Income tax	6	440	275	676	572
Loss for the period		(1,313)	(3,655)	(5,062)	(5,657)
Loss attributable to:					
Owners of the Company		(1,314)	(3,409)	(5,262)	(5,137)
Non-controlling interests		1	(246)	200	(520)
		(1,313)	3,655	(5,062)	(5,657)
Loss per share					
— Basic	7	HK0.12 cents	(restated) HK0.41 cents	HK0.52 cents	(restated) HK0.62 cents
— Diluted	7	HK0.08 cents	N/A	HK0.42 cents	N/A
Dividend	8	—	—	—	—

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Loss for the period	(1,313)	(3,655)	(5,062)	(5,657)
Other comprehensive income:				
Exchange differences arising on translation of foreign operations	284	375	624	728
Total comprehensive loss for the period	(1,029)	(3,280)	(4,438)	(4,929)
Total comprehensive loss attributable to:				
Owners of the Company	(995)	(3,055)	(4,569)	(4,452)
Non-controlling interests	(34)	(225)	131	(477)
	(1,029)	(3,280)	(4,438)	(4,929)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	(Unaudited) 30 September 2011 HK\$'000	(Audited) 31 March 2011 HK\$'000
Non-current assets			
Plant, equipment and motor vehicle	9	6,157	2,820
Investment property	10	64,685	—
Goodwill	11	11,139	10,798
Other intangible assets	12	741	782
Interests in associate		19,824	18,955
Deferred tax assets		—	959
		102,546	34,314
Current assets			
Inventories		196	21
Properties held for sale	10	87,874	—
Trade and other receivables	13	11,673	6,551
Cash and bank deposits		4,419	21,695
		104,162	28,267
Current liabilities			
Trade and other payables	14	(63,743)	(15,580)
Amounts due to directors	15	(29,849)	(275)
Deferred tax liability		(20,401)	—
		(113,993)	(15,855)
Net current (liabilities)/assets		(9,831)	12,412
Non-current liabilities			
Convertible note		(20,335)	—
Net assets		72,380	46,726
Capital and reserves			
Share capital	16	112,763	97,263
Reserves	17	(37,852)	(47,875)
Equity attributable to owners of the Company		74,911	49,388
Non-controlling interests		(2,531)	(2,662)
Equity		72,380	46,726

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								Non-controlling interests	Total	
	Share capital	Share premium	Convertible note equity reserve	Share options reserve	PRC statutory reserves	Translation reserve	Other reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2010 (audited)	48,631	122,081	—	706	3,808	3,546	—	(148,972)	29,800	2,065	31,865
Total comprehensive income for the period	—	—	—	—	—	685	—	(5,137)	(4,452)	(477)	(4,929)
Rights shares issued	48,632	—	—	—	—	—	—	—	48,632	—	48,632
Cost attributable to issue of rights shares	—	(2,346)	—	—	—	—	—	—	(2,346)	—	(2,346)
Transaction with owner	48,632	(2,346)	—	—	—	—	—	—	46,286	—	46,286
At 30 September 2010 (unaudited)	97,263	119,735	—	706	3,808	4,231	—	(154,109)	71,634	1,588	73,222
At 1 April 2011 (audited)	97,263	119,735	—	706	3,808	5,087	314	(177,525)	49,388	(2,662)	46,726
Total comprehensive income for the period	—	—	—	—	—	693	—	(5,262)	(4,569)	131	(4,438)
Issue of new shares for acquisition of subsidiary	15,500	5,890	—	—	—	—	—	—	21,390	—	21,390
Equity component at fair value	—	—	8,702	—	—	—	—	—	8,702	—	8,702
At 30 September 2011 (unaudited)	112,763	125,625	8,702	706	3,808	5,780	314	(182,787)	74,911	(2,531)	72,380

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) Six months ended 30 September	
	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Net cash used in operating activities	(8,114)	(14,043)
Net cash (used in)/generated from investing activities	(9,484)	3
Net cash generated from financing activities	264	46,380
Net (decrease)/increase in cash and cash equivalents	(17,334)	32,340
Cash and cash equivalents at 1 April	21,695	6,930
Effect of foreign exchange rate changes	58	87
Cash and cash equivalent at 30 September	4,419	39,357
Analysis of balances of cash and cash equivalents:		
Cash and bank deposits	4,419	39,357

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

1. Basis of preparation

The amounts included in the Unaudited Condensed Financial Statements have been computed based on the recognition and measurement requirements in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. The financial information also comply with the applicable disclosure provisions 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 2011.

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 2011. 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 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	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Turnover:				
Sales of goods, net of discounts and value-added tax	2,023	1,439	3,643	5,085
Other revenue and net income:				
Bank interest income	2	2	5	5
Gain on the bargain purchase	2,551	—	2,551	—
Other service income	—	76	—	89
Reversal of impairment loss on trade and other receivables	—	—	885	—
	2,553	78	3,441	94
Total revenue	4,576	1,517	7,084	5,179

3. Segment information

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

The Group's operating and reportable segments under HKFRS 8 "Operating Segments" are as follows:

Telecommunications business	Assembly, distribution and integration of telecommunications products
Iron mine business	Exploration, mining and processing of iron
Property business	Property investment and development, operating and managing residential and commercial properties

These segments are managed separately as they belong to different industries and require different operating systems and strategies. There were no sales or other transactions between those reportable segments. Information regarding the Group's reportable segments is presented below.

(a) Segment revenue, profit or loss and other selected financial information

	(Unaudited)				(Unaudited)			
	Three months ended 30 September 2011				Six months ended 30 September 2011			
	Telecom- munications business HK\$'000	Iron mine business HK\$'000	Property business HK\$'000	Total HK\$'000	Telecom- munications business HK\$'000	Iron mine business HK\$'000	Property business HK\$'000	Total HK\$'000
Revenue from external customers	—	2,023	—	2,023	—	3,643	—	3,643
Interest income	—	1	1	2	3	1	1	5
Depreciation and amortisation	—	(149)	(1)	(150)	—	(192)	(1)	(193)
Total (loss)/profit of reportable segment other than associate	—	(1,629)	(133)	(1,762)	798	(2,575)	(133)	(1,910)
Share of profits of associate	62	—	—	62	352	—	—	352
Tax income	—	408	32	440	—	644	32	676

	(Unaudited)			(Unaudited)		
	Three months ended 30 September 2010			Six months ended 30 September 2010		
	Telecom- munications business HK\$'000	Iron mine business HK\$'000	Total HK\$'000	Telecom- munications business HK\$'000	Iron mine business HK\$'000	Total HK\$'000
Revenue from external customers	1,260	179	1,439	4,906	179	5,085
Interest income	2	—	2	5	—	5
Depreciation and amortisation	(3)	(78)	(81)	(6)	(156)	(162)
Total loss of reportable segments other than associate	(879)	(220)	(1,099)	(1,882)	(404)	(2,286)
Share of profits of associate	351	—	351	903	—	903
Tax income	220	55	275	471	101	572

3. Segment information (continued)

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

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Revenue				
Total revenue for reportable segments	2,023	1,439	3,643	5,085
Consolidated turnover	2,023	1,439	3,643	5,085
Profit or loss				
Total loss for reportable segments other than associate	(1,762)	(1,099)	(1,910)	(2,286)
Share of profits of associate	62	351	352	903
Unallocated corporate expenses	(2,604)	(3,182)	(6,731)	(4,846)
Consolidated loss before tax	(4,304)	(3,930)	(8,289)	(6,229)
			(Unaudited) 30 September 2011 HK\$'000	(Audited) 31 March 2011 HK\$'000
Assets				
Total assets for reportable segments other than associate			175,938	20,052
Interests in associate			19,824	18,955
Unallocated corporate assets			10,946	23,574
Consolidated total assets			206,708	62,581
Liabilities				
Total liabilities for reportable segments			113,189	14,720
Unallocated corporate liabilities			21,139	1,135
Consolidated total liabilities			134,328	15,855

(c) Geographical information

The following table sets out information about the geographical location of the Group's revenues from external customers based on the location at which the services were provided or the goods were delivered.

	(Unaudited) Revenues from external customers Three months ended 30 September		(Unaudited) Revenues from external customers Six months ended 30 September	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
PRC	2,023	1,439	3,643	5,085

4. Finance costs

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Interest expenses on financial liability				
— Convertible Note	264	—	264	—
— Other finance expenses	—	2	—	2
	264	2	264	2

5. Loss before tax

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Loss before tax has been arrived after charging:				
Staff costs (including directors' remuneration)	1,188	2,267	3,517	4,032
Operating lease charges in respect of land and buildings	158	255	386	443
Depreciation and amortisation	159	90	212	180

6. Income tax

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Current tax:				
Hong Kong Profits Tax	—	—	—	—
PRC Enterprise Income Tax	—	—	—	—
Income tax of other jurisdictions	—	—	—	—
	—	—	—	—
Deferred tax	440	275	676	572
Tax income for the period	440	275	676	572

- (i) Hong Kong Profits Tax and the PRC Enterprise Income Tax has not been provided for as the Company and its subsidiaries subject to Hong Kong Profits Tax and PRC Enterprise Income Tax incurred a loss for tax purposes for both three months and six months ended 30 September 2011 and 2010.
- (ii) Deferred tax represents the benefit arising from the recognition of deferred tax assets on unused tax losses of the Group's PRC operations. The respective deferred tax for the three months and six months ended 30 September 2011 was approximately HK\$440,000 and HK\$676,000 (three months and six months ended 30 September 2010: approximately HK\$275,000 and HK\$572,000 respectively).

7. Loss per share

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

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Loss:				
Loss for the purposes of basic and diluted loss per share — loss for the period attributable to owners of the Company	(1,314)	(3,409)	(5,262)	(5,137)
Numbers of shares:	'000	'000	'000	'000
Issued ordinary shares at beginning of the period	972,628	(restated) 486,314	972,628	(restated) 486,314
Effect of ordinary shares issued	79,185	339,753	39,808	339,753
Weighted average number of ordinary shares for the purpose of basic loss per share	1,051,813	826,067	1,012,436	826,067
Effect of dilutive convertible note	169,200	—	169,200	—
Weighted average number of ordinary shares for the purpose of diluted loss per share	1,221,013	826,067	1,181,636	826,067

8. Interim dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2011 (six months ended 30 September 2010: nil).

9. Plant, equipment and motor vehicle

	<i>HK\$'000</i>
Cost:	
At 1 April 2011 (audited)	4,313
Additions	3,390
Acquisition of Linkful Group	16
Exchange adjustments	111
	7,830
At 30 September 2011 (unaudited)	7,830
Accumulated depreciation and impairment:	
At 1 April 2011 (audited)	1,493
Provided for the period	143
Exchange adjustments	37
	1,673
At 30 September 2011 (unaudited)	1,673
Carrying amounts:	
At 30 September 2011 (unaudited)	6,157
At 31 March 2011 (audited)	2,820

10. Investment property

樂山威尼斯大廈 (Leshan Venezia Building*)	Investment property	Property held for sale	Total	PRC EIT	Deferred tax PRC LAT	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Development costs (per PRC accounts)	—	—	54,177	—	—	—
Valuation differences	—	—	70,823	—	17,706	17,706
<hr/>						
Valuation at 15 August 2011 (date of completion of Very Substantial Acquisition) and 30 September 2011	53,000	72,000	125,000	—	17,706	17,706
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Equivalent to HK\$ as at 30 September 2011	64,685	87,874	152,559	—	21,609	21,609

Note:

There is no addition or valuation difference between 15 August 2011 and 30 September 2011.

* For identification purpose only.

11. Goodwill

HK\$'000

Cost:	
At 1 April 2011 (audited)	10,798
Exchange adjustments	341
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At 30 September 2011 (unaudited)	11,139
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At 31 March 2011 (audited)	10,798
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12. Other intangible assets

Mining Rights

HK\$'000

Cost:	
At 1 April 2011 (audited)	1,203
Exchange adjustments	32
	<hr/>
At 30 September 2011 (unaudited)	1,235
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Accumulated amortisation and impairment:	
At 1 April 2011 (audited)	421
Provided for the period	62
Exchange adjustments	11
	<hr/>
At 30 September 2011 (unaudited)	494
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Carrying amounts:	
At 30 September 2010 (unaudited)	741
	<hr/>
At 31 March 2011 (audited)	782
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13. Trade and other receivables

		(Unaudited) 30 September 2011 HK\$'000	(Audited) 31 March 2011 HK\$'000
	<i>Note</i>		
Trade receivables	(a)	—	10,580
Less: provision for impairment of trade receivables	(a)	—	(8,288)
Other receivables, prepayments and deposits	(b)	11,673	4,259
		11,673	6,551
An aged analysis of trade receivables based on invoice date is as follows:			
Within 3 months		—	—
Over 3 months but within 1 year		—	2,292
		—	2,292

Notes:

- (a) The general credit term allowed to customers is 90 days. Impairment loss is recognised for all receivables aged over 365 days based on historical experience on possibility of recovery.
- (b) Other receivables include adjustment to cash consideration on acquisition of Linkful group of HK\$9,932,000.

14. Trade and other payables

	(Unaudited) 30 September 2011 HK\$'000	(Audited) 31 March 2011 HK\$'000
Trade payables	24,784	13,278
Other payables and accrued charges	1,869	2,302
Amounts due to related parties	37,090	—
	63,743	15,580
An aged analysis of trade payables is as follows:		
Within 3 months	13,006	1,307
Over 3 months but within 1 year	—	11,911
Over 1 year	11,778	60
	24,784	13,278

15. Amounts due to directors

The amounts are unsecured, non-interest bearing and have no fixed repayment terms.

16. Share capital

	(Unaudited) Number of shares '000	(Unaudited) Share capital HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised		
As at 1 April 2011 and 30 September 2011	2,000,000	200,000
Issued and fully paid		
As at 1 April 2011	972,628	97,263
Issue of shares as consideration for the acquisition of Linkful group (<i>Note</i>)	155,000	15,500
As at 30 September 2011	1,127,628	112,763

Note: On 15 August 2011, 155,000,000 shares were issued at an issue price of HK\$0.20 per share as consideration for the acquisition of Linkful group. These shares rank pari passu in all respects with others in issue.

17. Reserves

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 convertible note equity reserve represents the equity component of the Convertible Note at fair value as at the date of its issuance.

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

18. Commitments

(a) Operation lease commitments

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases is analysed as follows:

	(Unaudited) 30 September 2011 HK\$'000	(Audited) 31 March 2011 HK\$'000
Properties		
— within one year	302	587
— after one year but within five years	214	261
	516	848

(b) Capital commitments

The Group did not have any material capital commitments as at 30 September 2011 (30 September 2010: nil).

19. 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) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Fees, salaries and other benefits	781	1,531	1,861	2,874

- (b) Amounts due to directors of the Company as at 30 September 2011 and 31 March 2011 are disclosed in the condensed consolidated statement of financial position; other details are disclosed in note 15.

20. Business combinations

On 15 August 2011, the Group completed the acquisition of Linkful Wise Group Holdings Limited. The consideration for such acquisition were to be satisfied by (i) issuing and allotting 155,000,000 consideration shares at an issue price of HK\$0.20 per share; (ii) issuing the convertible note with principal amount of HK\$33,840,000; (iii) paying HK\$10,000,000 in cash upon the completion of the acquisition; and (iv) issuing a promissory note of HK\$75,960,000 on the first anniversary of completion of the acquisition.

Principal activity	Date of acquisition	Proportion of shares acquired	Fair value consideration transferred HK\$'000
Linkful Wise Group Holdings Limited and its subsidiaries	15/8/2011	100%	50,231
Fair value of consideration transferred			HK\$'000
Cash			10,000
Shares issued (Note a)			21,390
Convertible note issued (Note b)			28,773
			60,163
Less: other receivable (adjustment to cash consideration)			(9,932)
			50,231

Notes:

- (a) The fair value of the 155,000,000 ordinary shares issued by the Company has been determined using the opening share price of the Company on 15 August 2011 (i.e. HK\$0.138).
- (b) This represents the fair value of the convertible note issued on 15 August 2011.

20. Business combinations (continued)

Asset acquired and liabilities recognised at the date of acquisition	<i>HK\$'000</i>
Non-current assets	
Investment properties	64,787
Property, plant and equipment	16
Current assets	
Properties held for sale	88,013
Other receivables and prepayment	871
Cash and bank balances	1,902
Current liabilities	
Other payables and accrued charges	(80,708)
Non-current liabilities	
Deferred tax liabilities	(22,099)
	<u>52,782</u>
Goodwill arising on acquisition	<i>HK\$'000</i>
Fair value of consideration transferred	50,231
Less: fair value of identifiable net assets acquired	(52,782)
	<u>2,551</u>
Net cash outflow on acquisition of subsidiaries	<i>HK\$'000</i>
Consideration paid in cash	(10,000)
Cash and bank balances acquired	1,902
	<u>(8,098)</u>

Impact of acquisition on the results of the Group

The business combination has been effected from 15 August 2011, there is no revenue generated as the building construction is in progress during the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

Results of Operations

For the six months ended 30 September 2011, the Group recorded a turnover of approximately HK\$3,643,000, representing a decrease of approximately 28.4% as compared with a turnover of approximately HK\$5,085,000 for the corresponding period of last year. No turnover was derived from the telecommunications segment after the expiration of the operating period which results in a decrease in turnover for the six months ended 30 September 2011 as compared with the corresponding period in 2010. All the turnover was generated from the trading of iron ores which profit margin was relatively low. As such, the Group recorded a gross loss for this period as compared to the gross profit for the corresponding period of 2010. The Company expects to obtain a higher profit margin from the mining business segment after the completion of the trial production stage of the iron mine.

Loss attributable to owners of the Company was approximately HK\$5,262,000 for the six months ended 30 September 2011, which was approximately 2.43% higher than the loss attributable to owners of the Company incurred for the corresponding period of last year.

Business Review

Acquisition of a subsidiary

Golden Strategy Limited, a wholly-owned subsidiary of the Company, entered into an acquisition agreement on 25 February 2011 and a supplemental agreement on 2 March 2011 (the "Acquisition Agreements") with Mr. Huang Shih Tsai ("Mr. Huang"), an independent third party, in relation to the acquisition of the entire issued share capital of Linkful Wise Group Holdings Limited (the "Acquisition"), whose principal asset represents interest in a property located in Leshan City, Sichuan Province, the PRC, at an aggregate consideration of HK\$150,800,000 (subject to adjustment).

All conditions precedent under the Acquisition Agreements have been fulfilled and the completion of the Acquisition took place on 15 August 2011. In accordance with the terms of the Acquisition Agreements, the Group has (i) issued and allotted 155,000,000 consideration shares to Mr. Huang at an issue price of HK\$0.20 per share; (ii) issued the convertible note with principal amount of HK\$33,840,000 to Mr. Huang; and (iii) paid a total of HK\$8,000,000 in cash to Mr. Huang upon the completion of the Acquisition.

The Company expects that the selling and leasing of the property may commence by the end of 2011. Revenues from the property will be derived from (i) leasing of the commercial portion of the property; (ii) leasing part of the residential portion of the property and/or car parks; and (iii) selling part of the residential portion of the Property.

Telecommunications Products Business

No turnover was derived from the telecommunications products business for the six months ended 30 September 2011.

As stated in the announcement of the Company dated 24 June 2011, the operating period of 北京康大奈特通信設備有限公司 (Beijing Kong Da Net Telecommunications Equipment Ltd*) ("Beijing Company"), an indirect subsidiary of the Company which is a sino-foreign equity joint venture company primarily engaged in the assembly, distribution and integration of telecommunications products, has expired and could not be extended.

The Board has decided it will proceed to wind up the Beijing Company in order to focus the Company's resources in other business segments with better prospect. The Board will also consider the possibility of disposing the Group's entire interest in the Beijing Company to other independent third parties (where possible).

The Board has closely monitored the development in connection with the Beijing Company and shall inform the shareholders of any material development as and when appropriate.

Mining Business

For the six months ended 30 September 2011, a turnover of approximately HK\$3,643,000 was generated from the trading of iron ores.

The construction of the processing factory of the iron ore was completed and the iron mines has commenced trial commercial production since August 2011. For the six months ended 30 September 2011, the production volume of iron ores was approximately 16,032 tonnes and the sales of the iron ores was approximately 13,372 tonnes. The Board expects an increasing volume of production of iron ores after the trial basis of the initial production.

The Group will put full effort to develop the iron mine.

* For identification purpose only

Liquidity, Financial Resources and Capital Structure

As at 30 September 2011, the Group's cash balance was approximately HK\$4,419,000 which has decreased by approximately 79.6% when comparing with the cash balance of approximately HK\$21,695,000 as at 31 March 2011.

As at 30 September 2011, the Group had net current liabilities of approximately HK\$13,311,000. The directors will take active measures to improve the liquidity of the Group.

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 minimise exposure to foreign exchange risks. As at 30 September 2011, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes.

On 15 August 2011, 155,000,000 ordinary shares were issued at an issue price of HK\$0.20 per share as partial consideration for the acquisition of a subsidiary (fair value of which were HK\$0.138 per share). A non-interest bearing convertible redeemable note ("Convertible Note") was also issued by the Company at the same date as partial satisfaction of consideration of the acquisition in the principal amount of HK\$33,840,000. Details of the capital structure and the Convertible Note of the Company at fair value are disclosed in notes 16 and 20.

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 2002 Share Option Scheme. The maximum number of shares which can be granted under the 2002 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, exercised or cancelled 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 September 2011.

Grantee	Date of grant	Exercise price HK\$	Exercise period	Outstanding as at 30 September 2011
Directors				
Ms. Ng Mui King, Joky	29/2/2008	0.23925	29/2/2008 to 2/8/2012	450,667
Ms. Hui Sin Man, Alice	29/2/2008	0.23925	29/2/2008 to 2/8/2012	450,667
Sub-total				901,334
Employee	29/2/2008	0.23925	29/2/2008 to 2/8/2012	4,506,667
Others (Note)	29/2/2008	0.23925	29/2/2008 to 2/8/2012	4,506,667
Total				9,914,668

Note: Mr. Wong Kai Tat has ceased to be the director of the Company since 1 July 2011. As such, he may exercise his outstanding options within three months after the date of the cessation, and such option to the extent not so exercised shall lapse and determine at the end of the said period of three months. As at the date of this report, the 4,506,667 outstanding options held by Mr. Wong Kai Tat were lapsed.

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 six months ended 30 September 2011.

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 Code on Corporate Governance Practices. As at the date of this report, the remuneration committee comprises one executive director, namely Ms. Ng Mui King, Joky (Mr. Tong Wang Shun as her alternate) and two independent non-executive directors, namely Ms. Hui Sin Man, Alice (chairman of the remuneration committee) and Mr. Chan Ying Cheong.

The principal responsibilities of the remuneration committee include (i) making recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all executive directors and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time; (iv) reviewing and approving the compensation payable to executive directors and senior management of the Company in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company; and (v) reviewing and approving compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate.

AUDIT COMMITTEE

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 Code on Corporate Governance Practices. As at the date of this report, the audit committee comprises three independent non-executive directors, namely Mr. Chung Koon Yan (chairman of the audit committee), Ms. Hui Sin Man, Alice and Mr. Chan Ying Cheong.

The primary duties of the audit committee include (i) making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor; (ii) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard; (iii) discussing with the auditor the nature and scope of the audit and reporting obligations before the audit commences; (iv) developing and implementing policy on the engagement of an external auditor to supply non-audit services; and (v) monitoring integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and quarterly reports, and reviewing significant financial reporting judgments contained in them. The audit committee has reviewed the draft of this report and has provided advice and comments thereon.

INTERESTS OF DIRECTORS

As at 30 September 2011, the interests and short positions of the directors and 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) 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 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 directors	Number of ordinary shares of HK\$0.1 each and underlying shares					Approximate percentage of the issued share capital of the Company
	Personal interest	Family interest	Corporate interest	Other interest	Total number of shares	
Ms. Ng Mui King, Joky	450,667 (Note 1)	—	337,920,000 (Note 2)	—	338,370,667	30.01%
Ms. Hui Sin Man	450,667 (Note 3)	—	—	—	450,667	0.040%

Notes:

1. Ms. Ng Mui King, Joky holds 450,667 share options (which are unlisted and physically settled equity derivatives) at the exercise price of HK\$0.23925 per share.
2. 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.. Ms. Yang Cheng is 100% beneficial owner of Fine Day Asset Holdings Inc..
3. Ms. Hui Sin Man, Alice holds 450,667 share options (which are unlisted and physically settled equity derivatives) at the exercise price of HK\$0.23925 per share.

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 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) 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 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 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 OF SUBSTANTIAL SHAREHOLDERS AND OTHER SHAREHOLDERS

As at 30 September 2011, save as disclosed below, so far is known to the directors and the chief executives of the Company, no persons (other than a director or a chief executive of the Company) has an interest or short position in the shares and underlying shares of the Company which will be fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and or were required to be notified to the Company and the Stock Exchange pursuant to section 3 and 4 of the SFO, or, who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstance at general meetings of any member of the Group.

(a) Long position in shares of the company

Name of shareholders	Capacity	Total number of shares of HK\$0.1 each	Approximate percentage of the issued share capital of the Company
Gold City Assets Holdings Ltd. (Note 1)	Beneficial Owner	337,920,000	29.97%
Fine Day Asset Holdings Inc. (Note 1)	Interest of a controlled corporation	337,920,000	29.97%
Mr. Tong Wang Chow (Note 2)	Beneficial Owner	77,904,000	6.91%
Mr. Huang Shih Tsai (Note 3)	Beneficial Owner	324,200,000	28.75%

Notes:

1. Pursuant to the SFO, Fine Day Asset Holdings Inc. is deemed interested in this shareholding interest through Gold City Assets Holdings Ltd., which is a company owned as to 51% by Ms. Ng Mui King, Joky and 49% by Fine Day Asset Holdings Inc.. Ms. Ng Mui King, Joky is an executive director of the Company and is also a director of Gold City Assets Holdings Ltd.. Ms. Yang Cheng is 100% beneficial owner of Fine Day Asset Holdings Inc.
2. Mr. Tong Wang Chow is the elder brother of Mr. Tong Wang Shun, an executive director of the Company.
3. The interest disclosed represents (i) the 155,000,000 shares allotted to Mr. Huang Shih Tsai on 15 August 2011 as partial consideration for the acquisition of 100% equity interest in a company wholly-owned by Mr. Huang Shih Tsai; and (ii) the 169,200,000 shares which may be issued upon the exercise of the conversion rights attached to a convertible note issued to Mr. Huang Shih Tsai on 15 August 2011 as partial consideration of the abovementioned acquisition. Pursuant to the SFO, Mr. Huang Shih Tsai is deemed to have interest in the 169,200,000 conversion shares. Details of the convertible note issued are disclosed in "Convertible note" below.

(b) Convertible note

Name of noteholder	Date of issue	Conversion period	Conversion price per share HK\$	Outstanding as at 30 September 2011	Number of underlying shares	Approximate percentage of the issue share capital
Huang Shih Tsai	15 August 2011	15 August 2011 — 15 August 2016	0.20	169,200,000	169,200,000	15.0%

COMPETING INTEREST

None of the directors of the Company or their respective associates (as defined in the GEM Listing Rules) had any interests in a business which competes or might compete, either directly or indirectly, with the business of the Group or, any other conflicts of interests with 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 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' securities transaction. Having made specific enquiry of all directors of the Company, each of the directors has confirmed that he/she has complied with the required standard of dealings as set out at the adopted code of conduct regarding the directors' securities transaction throughout the six months ended 30 September 2011.

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

Hong Kong, 14 November 2011

As at the date of this report, the Board comprises of (i) three Executive Directors, namely Ms. Ng Mui King, Joky, Mr. Tong Wang Shun and Ms. Zeng Jieping; (ii) one Non-Executive Director, namely Mr. Pong Shing Ngai; and (iii) three Independent Non-Executive Directors, namely Ms. Hui Sin Man, Alice, Mr. Chung Koon Yan and Mr. Chan Ying Cheong.