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Great Wall Terroir

長 城 天 下

**Great Wall Terroir Holdings Limited**  
**長城天下控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 524)**

**INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The board (the “**Board**”) of directors (the “**Director(s)**”) of Great Wall Terroir Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries for the six months ended 30 June 2022.

**FINANCIAL HIGHLIGHTS:**

- Revenue amounted to approximately HK\$44.6 million (2021: approximately HK\$68.4 million).
- Gross profit amounted to approximately HK\$2.6 million (2021: approximately HK\$2.3 million).
- Loss for the period attributable to owners of the Company amounted to approximately HK\$11.6 million (2021: approximately HK\$10.5 million).
- Basic loss per share was approximately HK0.7 cents (2021: approximately HK1.0 cents).
- The Board does not recommend payment of any dividend for the six months ended 30 June 2022 (2021: nil).

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# CORPORATE INFORMATION

## **BOARD OF DIRECTORS** **EXECUTIVE DIRECTORS**

Cheung Siu Fai (*Chairman and Acting Chief Executive Officer*)  
Hui Chun Wai Henry

## **INDEPENDENT NON-EXECUTIVE DIRECTORS**

Fong Wai Ho  
Chow Hiu Tung  
Cheung Sze Ming

## **COMPANY SECRETARY**

Leung Yung Yan

## **AUDITOR**

Confucius International CPA Limited  
*Certified Public Accountants*

## **LEGAL ADVISERS**

Conyers Dill & Pearman (as to Bermuda laws)  
Loeb & Loeb LLP (as to Hong Kong laws)

## **PRINCIPAL BANKERS**

The Bank of East Asia, Limited  
The Hongkong and Shanghai Banking Corporation Limited

## **REGISTERED OFFICE**

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

## **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Room 1005, 10/F.  
Tower Two, Lippo Centre  
No. 89 Queensway  
Hong Kong

## **STOCK CODE**

The Stock Exchange of Hong Kong Limited: 524

## **WEBSITE**

[www.gwt.hk](http://www.gwt.hk)

## **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

MUFG Fund Services (Bermuda) Limited  
4th Floor North Cedar House  
41 Cedar Avenue  
Hamilton HM12  
Bermuda

## **BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG**

Tricor Secretaries Limited  
17/F., Far East Finance Centre  
16 Harcourt Road  
Hong Kong

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

The board (the “**Board**”) of directors (the “**Director(s)**”) of Great Wall Terroir Holdings Limited (the “**Company**”) herein presents the unaudited interim results (the “**Interim Results**”) of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022 (the “**Period**”), together with comparative figures for the corresponding period in 2021. The Interim Results are unaudited but have been reviewed by the audit committee (the “**Audit Committee**”) of the Company.

		<b>Six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>	<i>3</i>		
– Contracts with customers		<b>43,906</b>	68,380
– Leases		<b>672</b>	–
Total revenue		<b>44,578</b>	68,380
Cost of services		<b>(41,983)</b>	(66,080)
Gross profit		<b>2,595</b>	2,300
Other income, gains and losses	<i>4</i>	<b>(2,337)</b>	13,104
		<b>258</b>	15,404
Selling and distribution expenses		<b>(77)</b>	(331)
Operation and administrative expenses		<b>(10,892)</b>	(17,739)
<b>Loss from operations</b>		<b>(10,711)</b>	(2,666)
(Loss allowances) reversal of loss allowances on			
– Trade receivables		<b>(128)</b>	(171)
– Other receivables		<b>(645)</b>	10
Write-off of financial assets at fair value through profit or loss (“ <b>FVTPL</b> ”)		–	(425)
Net unrealised loss on financial assets at FVTPL		–	(295)
Net realised gain on financial assets at FVTPL		<b>59</b>	–
Loss on disposal of a subsidiary		–	(5,962)
Finance costs	<i>5(a)</i>	<b>(97)</b>	(948)
<b>Loss before taxation</b>	<i>5</i>	<b>(11,522)</b>	(10,457)
<b>Income tax expense</b>	<i>6</i>	<b>(100)</b>	–
<b>Loss for the period</b>		<b>(11,622)</b>	(10,457)
<b>Loss for the period attributable to:</b>			
Owners of the Company		<b>(11,622)</b>	(10,457)
Non-controlling interests		–	–
<b>Loss for the period</b>		<b>(11,622)</b>	(10,457)
<b>Loss per share</b>		<b>HK cents</b>	<b>HK cents</b>
Basic and diluted	<i>8</i>	<b>(0.7)</b>	(restated) <b>(1.0)</b>

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Loss for the period</b>	<b>(11,622)</b>	(10,457)
<b>Other comprehensive income for the period</b>		
<i>Item that will not be subsequently reclassified to profit or loss:</i>		
Gain on disposal of designated fair value through other comprehensive income ("FVTOCI")	–	781
<i>Items that are or may be subsequently reclassified to profit or loss:</i>		
Release of exchange reserves upon disposal of a subsidiary	–	2,753
Exchange differences on translation of foreign subsidiaries	<b>36</b>	490
<b>Other comprehensive income for the period</b>	<b>36</b>	4,024
<b>Total comprehensive expense for the period</b>	<b>(11,586)</b>	(6,433)
<b>Total comprehensive (expense) income for the period attributable to:</b>		
Owners of the Company	<b>(11,752)</b>	(6,379)
Non-controlling interests	<b>166</b>	(54)
<b>Total comprehensive expense for the period</b>	<b>(11,586)</b>	(6,433)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	<i>Notes</i>	<b>As at 30 June 2022 HK\$'000 (Unaudited)</b>	As at 31 December 2021 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		77	65
Right-of-use assets		–	–
Investment properties	9	53,000	53,000
Intangible assets		–	–
Interest in associates		–	–
Designated FVTOCI	15	2,064	2,064
Other receivables	10	385	435
		<b>55,526</b>	55,564
<b>Current assets</b>			
Trade and other receivables	10	13,092	8,287
Contract costs		18	31
Tax recoverable		55	58
Financial assets at FVTPL	15	15	163
Pledged bank deposits	11	656	669
Bank balances and cash		18,206	30,663
		<b>32,042</b>	39,871
<b>Current liabilities</b>			
Trade and other payables	12	28,351	27,421
Tax payables		179	83
Lease liabilities		1,342	793
		<b>29,872</b>	28,297
<b>Net current assets</b>			
		<b>2,170</b>	11,574
<b>Total assets less current liabilities</b>			
		<b>57,696</b>	67,138
<b>Non-current liabilities</b>			
Deferred tax liabilities		199	195
Lease liabilities		2,140	–
Other payables	12	395	395
		<b>2,734</b>	590
<b>Net assets</b>			
		<b>54,962</b>	66,548
<b>Capital and reserves</b>			
Share capital	13	15,755	15,755
Reserves		42,428	54,180
Equity attributable to owners of the Company		<b>58,183</b>	69,935
Non-controlling interests		<b>(3,221)</b>	(3,387)
<b>Total equity</b>			
		<b>54,962</b>	66,548

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Equity attributable to owners of the Company											
	Reserves											Total equity HK\$'000 (Unaudited)
	Share capital HK\$'000 (Unaudited)	Share premium HK\$'000 (Unaudited)	Exchange reserve HK\$'000 (Unaudited)	Investment revaluation reserve (non-recycling) HK\$'000 (Unaudited)	Capital redemption reserve HK\$'000 (Unaudited)	Capital reserve HK\$'000 (Unaudited)	Contributed surplus HK\$'000 (Unaudited)	Accumulated losses HK\$'000 (Unaudited)	Total reserves HK\$'000 (Unaudited)	Sub-total HK\$'000 (Unaudited)	Non-controlling interests HK\$'000 (Unaudited)	
At 1 January 2022	15,755	348,041	1,026	(5,736)	25	(64)	83,489	(372,601)	54,180	69,935	(3,387)	66,548
Loss for the period	-	-	-	-	-	-	-	(11,622)	(11,622)	(11,622)	-	(11,622)
Other comprehensive income (expense) for the period <i>Item that is or may be subsequently reclassified to profit or loss:</i> Exchange differences on translation of foreign subsidiaries	-	-	(130)	-	-	-	-	-	(130)	(130)	166	36
Total other comprehensive income (expense) for the period	-	-	(130)	-	-	-	-	-	(130)	(130)	166	36
Total comprehensive (expense) income for the period	-	-	(130)	-	-	-	-	(11,622)	(11,752)	(11,752)	166	(11,586)
As at 30 June 2022	15,755	348,041	896	(5,736)	25	(64)	83,489	(384,223)	42,428	58,183	(3,221)	54,962
As at 1 January 2021	10,503	290,303	(2,338)	(5,763)	25	(64)	83,489	(351,409)	14,243	24,746	(3,249)	21,497
Loss for the period	-	-	-	-	-	-	-	(10,457)	(10,457)	(10,457)	-	(10,457)
Other comprehensive income (expense) for the period <i>Item that will not be subsequently reclassified to profit or loss:</i> Gain on disposal of designated FVTOCI <i>Items that are or may be subsequently reclassified to profit or loss:</i> Exchange differences on translation of foreign subsidiaries Release of exchange reserves upon disposal of a subsidiary	-	-	-	781	-	-	-	-	781	781	-	781
	-	-	544	-	-	-	-	-	544	544	(54)	490
	-	-	2,753	-	-	-	-	-	2,753	2,753	-	2,753
Total other comprehensive income (expense) for the period	-	-	3,297	781	-	-	-	-	4,078	4,078	(54)	4,024
Total comprehensive (expense) income for the period	-	-	3,297	781	-	-	-	(10,457)	(6,379)	(6,379)	(54)	(6,433)
Release of revaluation reserve upon disposal of designated FVTOCI	-	-	-	(781)	-	-	-	781	-	-	-	-
Issue of new shares under rights issue, net of share issue expenses	2,625	35,327	-	-	-	-	-	-	35,327	37,952	-	37,952
As at 30 June 2021	13,128	325,630	959	(5,763)	25	(64)	83,489	(361,085)	43,191	56,319	(3,303)	53,016

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Net cash used in operating activities</b>	<b>(11,365)</b>	(19,493)
<b>Investing activities</b>		
Purchase of property, plant and equipment	(21)	(24)
Proceeds from disposal of designated FVTOCI	–	867
Proceeds from disposal of financial assets at FVTPL	207	–
Release of pledged bank deposits, net	–	114
Net cash inflow from disposal of a subsidiary	–	28,212
Deposits paid for acquisition of a company	–	(7,763)
<b>Net cash generated from investing activities</b>	<b>186</b>	21,406
<b>Financing activities</b>		
Repayment of loan from a director	–	(10,000)
Other borrowings raised	–	5,000
Proceeds from issue of new shares under rights issue, net of expenses	–	37,952
Repayment of lease liabilities	(1,122)	(416)
Interest paid	(97)	(955)
<b>Net cash (used in) generated from financing activities</b>	<b>(1,219)</b>	31,581
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(12,398)</b>	33,494
<b>Cash and cash equivalents as at 1 January</b>	<b>30,663</b>	33,238
<b>Effect on exchange rate changes on cash and cash equivalents</b>	<b>(59)</b>	(35)
<b>Cash and cash equivalents as at 30 June, represented by bank balances and cash</b>	<b>18,206</b>	66,697





# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 1. GENERAL INFORMATION

Great Wall Terroir Holdings Limited is incorporated in Bermuda as an exempted company with limited liability and its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the address of its principal place of business in Hong Kong is Room 1005, 10/F., Tower Two, Lippo Centre, No. 89 Queensway, Hong Kong. The principal activity of the Company is investment holding.

The condensed consolidated interim financial statements (the “**Interim Financial Statements**”) are unaudited, but have been reviewed by the Audit Committee.

The Interim Financial Statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company. In addition, the functional currencies of certain group entities that operate outside Hong Kong are determined based on the currency of the primary economic environment in which the group entities operate.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Interim Financial Statements of the Group for the six months ended 30 June 2022 are unaudited and have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS(s)**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and applicable disclosure requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The Interim Financial Statements should be read in conjunction with the 2021 annual financial statements. The accounting policies adopted in preparing the Interim Financial Statements for the six months ended 30 June 2022 are consistent with those in the preparation of the Group’s annual financial statements for the year ended 31 December 2021.

In the current interim period, the Group has applied the following amendments to Hong Kong Financial Reporting Standards (“**HKFRS(s)**”) issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of amendments to HKFRSs in the current period had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in the Interim Financial Statements.

### 3. REVENUE AND SEGMENTAL INFORMATION

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Revenue from contracts with customers</b>		
Telecommunication services income	43,297	68,326
IT and distribution services income	609	54
	<b>43,906</b>	68,380
<b>Revenue from leases</b>		
Lease payments that are fixed under operating lease	672	–
	<b>44,578</b>	68,380

The revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

	Telecommunication services		IT and distribution services		Total	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Six months ended 30 June</b>						
Timing of revenue recognition:						
– at a point in time	38,991	62,602	287	–	39,278	62,602
– over time	4,306	5,724	322	54	4,628	5,778
	<b>43,297</b>	68,326	<b>609</b>	54	<b>43,906</b>	68,380

The Group's management, who are the chief operating decision-makers, determine the operating segments for the purposes of resource allocation and performance assessment. The business segments of the Group comprise telecommunication services, IT and distribution services and property investment.

Segment results represent the results before taxation earned by each segment without allocation of central operating and administrative expenses. All assets are allocated to reportable segments other than unallocated assets which are mainly designated FVTOCI, financial assets at FVTPL and bank balances and cash. All liabilities are allocated to reportable segments other than corporate liabilities.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

### 3. REVENUE AND SEGMENTAL INFORMATION *(continued)*

Analyses of the Group's segmental information by business and geographical segments during the six months ended 30 June 2022 and 2021 are set out below.

#### (a) By business segments

##### *Segment results*

	Telecommunication services		IT and distribution services		Property investment		Total	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Six months ended 30 June</b>								
<b>Revenue</b>								
External sales	43,297	68,326	609	54	672	-	44,578	68,380
<b>Results</b>								
Segment results	(2,027)	(1,312)	175	(53)	666	-	(1,186)	(1,365)
Unallocated other operating income and expenses							(10,336)	(9,092)
<b>Loss before taxation</b>							<b>(11,522)</b>	<b>(10,457)</b>

##### *Segment assets and liabilities*

	Telecommunication services		IT and distribution services		Property investment		Total	
	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)						
<b>Assets</b>								
Segment assets	15,434	14,064	551	1,236	54,269	53,482	70,254	68,782
Unallocated assets							17,314	26,653
<b>Consolidated total assets</b>							<b>87,568</b>	<b>95,435</b>
<b>Liabilities</b>								
Segment liabilities	(14,438)	(10,765)	(1,025)	(1,483)	(892)	(673)	(16,355)	(12,921)
Unallocated liabilities							(16,251)	(15,966)
<b>Consolidated total liabilities</b>							<b>(32,606)</b>	<b>(28,887)</b>

### 3. REVENUE AND SEGMENTAL INFORMATION *(continued)*

#### (b) By geographical information

The Group's operations are principally located in Hong Kong and Singapore. The following table provides an analysis of the Group's revenue from external customers by geographical market in which the operations are located:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Hong Kong	<b>15,331</b>	12,267
Singapore	<b>29,247</b>	56,113
	<b>44,578</b>	68,380

The following is an analysis of the carrying amounts of non-current assets (excluding financial instruments) by geographical area in which the assets are located:

	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Hong Kong	<b>53,441</b>	53,500
Singapore	<b>21</b>	–
	<b>53,462</b>	53,500



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

### 4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest income from bank	–	2
Gain on termination of lease arrangement	319	–
Government subsidy	238	–
Impairment loss on property, plant and equipment	–	(126)
Impairment loss on right-of-use assets	(3,491)	–
Write back of other payables	–	12,393
Sundry income	597	835
	<b>(2,337)</b>	13,104

### 5. LOSS BEFORE TAXATION

Loss before taxation is stated after charging (crediting) the following:

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>(a) Finance costs</b>		
Interest expenses on lease liabilities	97	16
Interest expenses on loan from a director	–	595
Interest expenses on other borrowings	–	337
	<b>97</b>	948
<b>(b) Other items</b>		
Employee salaries and other benefits (including directors' emoluments)	5,838	9,788
Retirement benefit scheme contributions	221	294
Total staff costs	<b>6,059</b>	10,082
Gross rental income from investment properties	(672)	–
Less: direct operating expenses incurred for investment properties that generated rental income	1	–
	<b>(671)</b>	–
Cost of services	41,983	66,080
Depreciation of:		
– property, plant and equipment	9	20
– right-of-use assets	698	–
Lease expenses on short-term leases	126	120
Exchange loss, net	6	1

## 6. TAXATION

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for the Period. No provision for Hong Kong Profits Tax as the Group incurred a loss for taxation purposes for the six months ended 30 June 2021.

Overseas (including the People's Republic of China (the "PRC") and Singapore) taxation represents income tax provisions in respect of certain subsidiaries, calculated at the tax rates prevailing in the countries in which the subsidiaries operate.

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Current tax:</b>		
Hong Kong Profits Tax		
Current period	(96)	–
<b>Deferred tax:</b>		
Current period	(4)	–
Total income tax expense	(100)	–

The Company's wholly-owned subsidiary in Singapore is subject to Corporate Income Tax at a rate of 17% (30 June 2021: 17%).

The subsidiary in the PRC is subject to PRC Enterprise Income Tax at 25% (30 June 2021: 25%).

## 7. INTERIM DIVIDEND

The Board does not recommend the payment of a dividend for the six months ended 30 June 2022 and 2021.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

### 8. LOSS PER SHARE

The calculation of loss per share for the Period is based on the loss attributable to owners of the Company of approximately HK\$11,622,000 (30 June 2021: approximately HK\$10,457,000) and the number of shares of 1,575,420,000 (30 June 2021: the weighted average number of shares of approximately 1,090,715,000) ordinary shares in issue during the Period.

The weighted average number of ordinary shares for the six months ended 30 June 2021 for the purpose of basic loss per share has been adjusted for rights issue on the basis of one (1) rights share for every four (4) shares held on the record date of 31 May 2021 and completed on 25 June 2021 (the “**May Rights Issue**”); and on the basis of one (1) rights share for every five (5) shares held on the record date of 10 November 2021 and completed on 6 December 2021 (the “**November Rights Issue**”).

The Company has no dilutive potential ordinary shares in issue during the current and prior periods and, therefore, the diluted loss per share is the same as the basic loss per share for the periods presented.

### 9. INVESTMENT PROPERTIES

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
<b>Fair value</b>		
Balance at beginning of the period/year	53,000	–
Acquired on the acquisition of a subsidiary	–	51,889
Net increase in fair value recognised in profit or loss	–	1,111
Balance at end of the period/year	53,000	53,000

The fair value of the Group's investment properties as at 30 June 2022 was determined by the Directors based on the direct comparison approach. The fair value of the Group's investment properties as at 31 December 2021 has been arrived at on the basis of a valuation on the direct comparison approach carried out on that date by Messrs. Ravia Global Appraisal Advisory Limited, independent qualified professional valuers not connected to the Group.

The direct comparison approach uses prices and other relevant information generated by market transactions involving comparable properties. No change in fair value of investment properties has been recognised in profit or loss for the Period (30 June 2021: Nil).

The Group's investment properties are classified as Level 3 in the fair value hierarchy as at 30 June 2022 and 31 December 2021. There were no transfers into or out of Level 3 during the Period.

## 10. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
<b>Trade receivables</b>		<b>17,371</b>	12,617
Loss allowances on trade receivables		<b>(9,000)</b>	(9,123)
	<i>(a)</i>	<b>8,371</b>	3,494
<b>Other receivables</b>			
Deposits		<b>1,224</b>	1,293
Prepayments		<b>1,151</b>	1,694
Other debtors	<i>(b)</i>	<b>18,441</b>	17,935
Deferred lease receivables		<b>408</b>	336
Loan receivable from a non-controlling interest of a subsidiary	<i>(c)</i>	<b>12,515</b>	13,157
		<b>33,739</b>	34,415
Loss allowances on other receivables		<b>(28,633)</b>	(29,187)
		<b>5,106</b>	5,228
<b>Total trade and other receivables</b>		<b>13,477</b>	8,722
Analysed for reporting purpose as:			
Current assets		<b>13,092</b>	8,287
Non-current assets		<b>385</b>	435
		<b>13,477</b>	8,722

*Notes:*

- (a) The Group's credit terms on sales mainly ranged from 30 to 90 days. Included in trade and other receivables are trade receivables (net of loss allowances) with the following ageing analysis by invoice date:

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Less than 1 month	<b>5,719</b>	1,452
1 to 3 months	<b>430</b>	757
More than 3 months but less than 12 months	<b>1,656</b>	683
More than 12 months	<b>566</b>	602
	<b>8,371</b>	3,494

## 10. TRADE AND OTHER RECEIVABLES *(continued)*

Notes: *(continued)*

- (b) Included in other debtors as at 30 June 2022 was a receivable of approximately RMB9,288,000 (equivalent to approximately HK\$10,867,000) (31 December 2021: approximately RMB9,288,000 (equivalent to approximately HK\$11,424,000)) due from debtors of a PRC subsidiary. Full loss allowances have been provided in previous years.

Included in other debtors as at 30 June 2022 was a receivable of approximately HK\$4,304,000 (31 December 2021: approximately HK\$4,304,000) due from a third party which was arising from the proceeds from the disposal of financial assets at FVTPL in 2017. Full loss allowance has been provided in previous years.

- (c) As at 30 June 2022, loan and interest receivable of approximately RMB10,697,000 (equivalent to approximately HK\$12,515,000) (31 December 2021: approximately RMB10,697,000 (equivalent to approximately HK\$13,157,000)) from a non-controlling interest of a subsidiary is unsecured, interest bearing at the fixed rate of 4.35% per annum and repayable in December 2020. In view of the default of repayment of principal and interest of the loan, prolonged outstanding without settlement, the management considers it is probable that the recoverability of the loan receivable was in doubt. The full loss allowances have been provided in previous years.

## 11. PLEDGED BANK DEPOSITS

As at 30 June 2022, the Group had pledged bank deposits amounting to approximately HK\$656,000 (31 December 2021: approximately HK\$669,000). At the end of the reporting period, bank guarantees of approximately HK\$539,000 (31 December 2021: approximately HK\$628,000) were issued to suppliers for operational requirements. The Directors do not consider it is probable that a claim will be made against the Group under these guarantees. The amounts utilised by the Group at the end of the reporting period under these guarantees were approximately HK\$539,000 (31 December 2021: approximately HK\$628,000), representing the outstanding amounts payable to these suppliers.

## 12. TRADE AND OTHER PAYABLES

	<i>Notes</i>	<b>As at 30 June 2022 HK\$'000 (Unaudited)</b>	As at 31 December 2021 HK\$'000 (Audited)
<b>Trade payables</b>	<i>(a)</i>	<b>8,457</b>	8,327
<b>Other payables</b>			
Accrued charges and other creditors		<b>13,178</b>	11,870
Contract liabilities		<b>906</b>	1,414
Deposit received		<b>495</b>	495
Loans from former directors	<i>(b)</i>	<b>5,710</b>	5,710
		<b>20,289</b>	19,489
<b>Total trade and other payables</b>		<b>28,746</b>	27,816
Analysed for reporting purposes as:			
Current liabilities		<b>28,351</b>	27,421
Non-current liabilities		<b>395</b>	395
		<b>28,746</b>	27,816

*Notes:*

- (a) Ageing analysis of trade payables by invoice date is summarised as follows:

	<b>As at 30 June 2022 HK\$'000 (Unaudited)</b>	As at 31 December 2021 HK\$'000 (Audited)
Less than 1 month	<b>552</b>	4,344
1 to 3 months	<b>882</b>	745
More than 3 months but less than 12 months	<b>4,207</b>	1,229
More than 12 months	<b>2,816</b>	2,009
	<b>8,457</b>	8,327

- (b) As at 30 June 2022, the Group has outstanding loans from former Directors Mr. Zhao Ruiyong ("Mr. Zhao") of approximately HK\$2,378,000 and Mr. Cheung Ka Heng Frankie ("Mr. Frankie Cheung") of approximately HK\$3,332,000, both of which loans are unsecured, unguaranteed, interest-free and repayable on demand.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

### 13. SHARE CAPITAL

	Number of shares	Amount HK\$'000
<b>Ordinary shares of HK\$0.01 each</b>		
<b>Authorised:</b>		
Balance as at 1 January 2021, 31 December 2021, 1 January 2022, and 30 June 2022	12,000,000,000	120,000
<b>Issued and fully paid:</b>		
Balance as at 1 January 2021	1,050,280,000	10,503
Issue of new shares under the May Rights Issue ( <i>Note a</i> )	262,570,000	2,626
Issue of new shares under the November Rights Issue ( <i>Note b</i> )	262,570,000	2,626
As at 31 December 2021, 1 January 2022 and 30 June 2022	1,575,420,000	15,755

Notes:

- (a) In June 2021, the Company allotted 262,570,000 new ordinary shares on the basis of one (1) rights share for every four (4) shares held on the record date of 31 May 2021 at a subscription price of HK\$0.15 per rights share. Details of the May Rights Issue are disclosed in the Company's announcements dated 11 May 2021 and 24 June 2021 and prospectus dated 2 June 2021 respectively.
- (b) In December 2021, the Company allotted 262,570,000 new ordinary shares on the basis of one (1) rights share for every five (5) shares held on the record date of 10 November 2021 at a subscription price of HK\$0.10 per rights share. Details of the November Rights Issue are disclosed in the Company's announcements dated 7 October 2021 and 3 December 2021 and prospectus dated 12 November 2021 respectively.

### 14. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in the Interim Financial Statements, during the six months ended 30 June 2022 and 2021, the Group had the following transactions with related parties:

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Nature of transactions</b>		
Interest expenses on loan from a director	–	595
Income from office sharing from a related party	557	–

- (b) Details of the balance with related parties at 30 June 2022 and 31 December 2021 are set out in note 10(c) to the Interim Financial Statements.

## 15. FAIR VALUE MEASUREMENTS

The following presents the Group's financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy as defined in HKFRS 13 *Fair Value Measurement*, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 (lowest level): unobservable inputs for the asset or liability.

### (a) Assets measured at fair value

	Level 1 HK\$'000 (Unaudited)	Level 2 HK\$'000 (Unaudited)	Level 3 HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>As at 30 June 2022</b>				
<b>Designated FVTOCI</b>				
Unlisted equity securities	–	–	2,064	2,064
<b>Financial assets at FVTPL</b>				
Equity investments listed in Hong Kong	15	–	–	15
	15	–	2,064	2,079

	Level 1 HK\$'000 (Audited)	Level 2 HK\$'000 (Audited)	Level 3 HK\$'000 (Audited)	Total HK\$'000 (Audited)
<b>As at 31 December 2021</b>				
<b>Designated FVTOCI</b>				
Unlisted equity securities	–	–	2,064	2,064
<b>Financial assets at FVTPL</b>				
Equity investments listed in Hong Kong	163	–	–	163
	163	–	2,064	2,227

During the Period and the year ended 31 December 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

### 15. FAIR VALUE MEASUREMENTS *(continued)*

#### (a) Assets measured at fair value *(continued)*

Description	Fair value at 30 June 2022 HK\$'000 (Unaudited)	Fair value at 31 December 2021 HK\$'000 (Audited)	Fair value hierarchy	Valuation techniques
<b>Assets</b>				
Financial assets at FVTPL				
– Equity investments listed in Hong Kong	15	163	Level 1	Quoted bid prices in an active market
Designated FVTOCI				
– Unlisted equity securities	2,064	2,064	Level 3	Net asset values as reported by management of investee companies

#### (b) Financial assets and liabilities carried at amortised cost

The carrying amounts of the financial assets and liabilities of the Group that are carried at amortised cost are not materially different from their fair values as at 30 June 2022 and 31 December 2021.

### 16. COMPARATIVE FIGURE

Certain comparative figures have been reclassified to conform with the presentation for the Period.

## OVERVIEW

Halfway into 2022, while the global economy continued to endure the impact of the Coronavirus Disease 2019 (“**COVID-19**”), Russia’s invasion of Ukraine aggravated the vulnerability of the global economy by disrupting the global supply chain and intensifying the geopolitical tensions between the world’s major economies. Both Singapore and Hong Kong (“**Both Markets**”), where the business operations of the Group are principally located in, had gone through a turbulent epidemic phase in the first half of 2022. In Singapore, it had experienced another wave of COVID-19 driven by the Omicron variant which had brought a surge of cases in early 2022. In Hong Kong, it also went through its fifth wave of COVID-19 which peaked on 3 March 2022 with a record high of 76,991 confirmed cases in a single day but was trending downward gradually afterwards.

Apart from the impact of the COVID-19, Both Markets also had to deal with the global inflationary pressure exacerbated by the so-called “quantitative easements” measures by governments of different countries and disruption of the global supply chain following the Russia’s invasion of Ukraine. Such inflationary pressure was reflected by the rising inflation rates of the world’s major countries. According to the Asia-Pacific Economic Cooperation (the “**APEC**”) and the Organisation for Economic Cooperation and Development (the “**OECD**”), the overall inflation rate of the APEC countries and the OECD countries rose to 4.5% and 7.9% in the first quarter of 2022 (the “**2022 Q1**”), as compared to 1.8% and 1.9% in the first quarter of 2021, respectively. High inflation across the Globe is starting to pose negative impact on consumption demand across different industries and sectors including the telecommunication industry. Rising inflation continues to put pressure on the running costs, particularly staff costs, external spending on services, leases, and capital expenditures. However, it is generally difficult to pass all of such increased costs on to customers as customers may turn to alternative services with lower quality and/or reliability but at a lower price. If price increases are too aggressive, customer loyalty could diminish and would lead to further churn. The inflationary pressure which persisted throughout the first half of 2022 had further dampened the recovery of various industries and the economy in general.

With the headwinds as described, the economic recoveries of Both Markets were slowed down during the first half of 2022. The GDP of Singapore, quarter-on-quarter, recorded no growth in the second quarter of 2022 (the “**2022 Q2**”) after a slight expansion of 0.9% in the 2022 Q1, according to the Ministry of Trade and Industry of Singapore. The GDP of Hong Kong, quarter-on-quarter, recorded a drop of 2.9% in 2022 Q1 and managed to maintain a positive growth of 0.9% in the 2022 Q2 which was mainly benefited by the disbursement of electronic consumption vouchers by the Government in April 2022 and the launch of 2022 Employment Support Scheme under the Anti-epidemic Fund of the Government. Facing the uncertain outlook of the inflationary trend and potential economic recession, customers continue to take a conservative position in corporate spending and new business development. Against this backdrop, the Group’s revenue decreased by approximately 34.8% to approximately HK\$44.6 million for the Period, from approximately HK\$68.4 million for the six months ended 30 June 2021 (the “**Last Period**”). The decrease was mainly due to the decrease in revenue from the Telecom Business (as defined below).

The loss attributable to owners of the Company for the Period increased by approximately 10.5% to approximately HK\$11.6 million, from approximately HK\$10.5 million for the Last Period.

## TELECOM BUSINESS

Revenue recorded from the telecom business, which comprises the voice telecommunications and related information technology businesses in Singapore and Hong Kong (the “**Telecom Business**”), was approximately HK\$43.3 million for the Period, representing a decrease of approximately 36.6% compared to approximately HK\$68.3 million for the Last Period, mainly due to the decrease in revenue of the voice telecommunications segment of the Telecom Business.

The Group, during the Period, continued to follow the prudent pricing approach which was adopted since the second half of last year to select customers and secure wholesale voice traffic contracts with better gross margin, leading to an increase in gross profit margin of the Telecom Business from approximately 3.3% for the Last Period to approximately 3.7% for the Period.

## IT AND DISTRIBUTION BUSINESS

The IT and Distribution Business in the PRC (as defined below) and the IT Business in Hong Kong (as defined below) are collectively referred to as the “**IT and Distribution Business**” in this report.

Since 2020, there has been no revenue generated from the information technology and distribution business in the PRC (the “**IT and Distribution Business in the PRC**”). The performance of the IT and Distribution Business in the PRC has been falling short of the Group’s expectation as originally contemplated at the time of acquisition of such business in 2016. The situation has further deteriorated in recent years amid the PRC government’s regulatory crackdown on the information technology sector and the pandemic-related uncertainties arising from the PRC government’s strict zero-Covid policy. Therefore, the Group does not see any substantial improvement in this segment in the near future. The Group will continue to rationalise the business and streamline its existing business portfolios by disposing of some of the non-performing businesses.

At the date of this report, Hangzhou Susong Technology Company Limited\* (杭州蘇頌科技有限公司) (“**Hangzhou Susong**”) has not recovered its advances to Zhejiang Hong Lan Investment Company Limited\* (浙江宏瀾投資有限公司) that was the subject of the announcement of the Company dated 28 April 2019 published on the websites of the Stock Exchange and the Company. The Group has sought legal advice from its PRC counsels in relation to the legal actions to be taken to recover such advances and will continue its assessment in this regard. In 2021, the Group took appropriate legal actions based on legal advice to seek the recovery of other overdue receivables (the “**Overdue Receivables**”) recorded by Hangzhou Susong by bringing two cases to courts in the PRC. Court hearings were held at the Zhejiang Province Hangzhou Intermediate People’s Court\* (浙江省杭州市中級人民法院) and the Zhejiang Province Hangzhou Xihu District People’s Court\* (浙江省杭州市西湖區人民法院) in the fourth quarter of 2021. In May 2022, the decision of the Zhejiang Province Hangzhou Intermediate People’s Court\* (浙江省杭州市中級人民法院) ruled against the Group’s claim on the recovery of the Overdue Receivables. Based on the analysis and advice by the PRC counsels of the Group, the Board considered that it was in the best interest of the Group not to file an appeal against the said court decision and avoid incurring additional legal costs. As at the date of this report, the court decision for another court hearing is still pending. The Board was disappointed with the court ruling of the first case and the recovery of the Overdue Receivables might be difficult. The Group will closely monitor the development of another court case and consider to take appropriate actions on the business of Hangzhou Susong.

\* for identification purposes only

Revenue recorded from the information technology business in Hong Kong, which mainly comprised the provision of one-stop information technology services, including but not limited to maintenance of point-of-sale system, installation of server and network equipment, security system and website maintenance (the “**IT Business in Hong Kong**”), was approximately HK\$0.6 million for the Period. The revenue from the IT Business in Hong Kong for the Last Period was only approximately HK\$54,000 as it has commenced business since June 2021.

Since the commencement of the IT Business in Hong Kong, the Group had secured and successfully completed various projects, including setting up IT related facilities for the whole offices of its clients and provision of IT maintenance services on a regular basis. During the Period, the Group had successfully renewed all of its annual maintenance contracts with its existing corporate clients, which demonstrated the Group’s ability to establish long-term relationships with its clients by providing higher quality services. The Group aims to secure more IT projects in the future.

## INVESTMENT PROPERTIES

The Group recorded rental income of approximately HK\$0.7 million from the Property (as defined below) for the Period. In the second half of last year, the Company acquired a property (the “**Property**”) through the purchase of the entire issued share capital of a property holding company, Palico Development Limited, which has become a wholly-owned subsidiary of the Company following the completion of the acquisition. The Property, located at Units Nos. 4 and 6 on 11th Floor of Block A, Sea View Estate, No. 2 Watson Road, Hong Kong, is an industrial property with a gross area of approximately 5,430 square feet. It is held under a medium-term lease. The Property is held for investment purpose and has been leased on operating leases.

The fair value of the Property, which was determined by the Directors with reference to recent transaction prices of similar properties in the market, amounted to approximately HK\$53.0 million as at 30 June 2022. There was no change in the fair value of the Property for the Period as compared to the fair value of the Property as at 31 December 2021, which was also valued at HK\$53.0 million by an independent qualified professional valuer.

The Property is expected to generate stable income in the future and the Group may also benefit from any long-term capital appreciation of the Property.

## OUTLOOK

After more than two years since the onset of COVID-19, most of the populations of Singapore and Hong Kong have been vaccinated, the government in Both Markets are currently lifting social restrictions phase by phase in an attempt to create favorable conditions for a full-fledged revival of the economy. Singapore Government is planning to further reopen its border in order to recover the economic loss due to the COVID-19 pandemic. However, the recent rebounds in positive cases of Singapore and Hong Kong caused by the BA.4 and BA.5 subvariants have brought uncertainties to full relaxation of the social distancing measures and may even create another wave of COVID-19. With the increasing number of businesses and people adapting to work and life under the COVID-19 pandemic, it is hopeful that the economic harm caused by potentially incoming waves of COVID-19 will cause less damage to the global economy as compared with that of the previous waves. The Group is cautiously optimistic and confident that the Group can overcome the challenges posed by the COVID-19 by continuing to execute the Group’s strategy which is to strive for sustainability and long-term profitability of its businesses by addressing customers’ needs through an ever-growing array of services and establishing mutual trust relationships with key suppliers.

Competition within the telecom industry in Singapore and Hong Kong continued to be intense as we adapted to a dynamic operating environment where our daily lives and businesses activities continued to be affected by the COVID-19. The Group followed through on its priorities of preserving its operating margins and managing customer churn. In light of companies’ increasing demands, amid the prolonged COVID-19 pandemic, on running their businesses remotely, securely, and efficiently at affordable costs, this materialised as an opportunity for the Group to cross-selling other information technology related services, apart from voice telecommunication services, to its existing customers. The Group will capitalize on its existing technology know-how to ride on the benefits emerging from such increasing demands.

Despite these enormous challenges and risks brought by the COVID-19, rising inflation and potential economic slowdown, the Group will take the window of opportunity to assess the equilibrium between revenue and costs by adjusting price and reducing costs. The Group also focuses to enhance business productivity and operating efficiencies so as to deliver great customer experience in the current business environment.



## OUTLOOK *(continued)*

IT Business in Hong Kong started to commence business in mid-2021, with the Group's intention to diversify its revenue source of the IT and Distribution Business. Since the commencement of IT Business in Hong Kong, the Group had successfully delivered various projects to its existing corporate clients. Looking ahead, the Group will continue to strengthen its presence in the local market by providing quality services to satisfy the requirements of its clients.

The Group has continued its business endeavours within the regions in the Telecom Business and IT and Distribution Business sectors to complement its existing businesses and beyond. Having considered the rapid development of e-Commerce business sector in Hong Kong during the COVID-19 pandemic and the potential growth in the wine market of Hong Kong, the Group, leveraging on its competitive strength and technology know-how on its existing businesses, will develop and establish an e-Commerce platform on wine (the "**Platform**") which will allow users of the Platform to buy and sell their wine online. Apart from providing an e-Commerce platform for sale and distribution of wine, the Platform will also provide value-added services such as interim warehousing service and wine inspection service. The Platform is expected to commence operation in the fourth quarter of 2022, subject to final system testing and implementation, and assuming there are no other delays. Please refer to the Company's announcement dated 6 July 2022 for more details.

The Group will also continue to look for new business opportunities to diversify its business in order to generate better returns for the shareholders of the Company.

## REVENUE AND RESULTS

The revenue of the Group for the Period decreased by approximately 34.8% to approximately HK\$44.6 million, from approximately HK\$68.4 million for the Last Period. The revenue from the Telecom Business for the Period decreased by approximately 36.6% to approximately HK\$43.3 million, from approximately HK\$68.3 million for the Last Period. The decrease was mainly due to the decline in some wholesale voice traffic orders with lower gross margin following a more prudent pricing approach adopted by the Group and the absence of a few sizeable contracts for the Period in an attempt to secure a higher gross profit margin of the Telecom Business. The revenue from the IT and Distribution Business for the Period and the Last Period were wholly contributed by the IT Business in Hong Kong. The revenue from IT Business in Hong Kong for the Period increased to approximately HK\$0.6 million from approximately HK\$54,000 for the Last Period. The significant increase was due to the full period effect for the Period versus one month in the Last Period as the IT Business in Hong Kong started to record revenue since June 2021. The rental income from the Property for the Period was approximately HK\$0.7 million while no rental income was generated during the Last Period as the Property has been acquired by the Group since September 2021.

The gross profit of the Group for the Period increased by approximately 13.0% to approximately HK\$2.6 million, from approximately HK\$2.3 million for the Last Period. The overall gross profit margin of the Group for the Period increased to approximately 5.8% from approximately 3.4% for the Last Period. The increase in gross profit and gross profit margin was mainly due to the improved gross profit margin of the Telecom Business for the Period as analysed in the section headed "Telecom Business" on page 21 of this report, rental income from the Property and the increased contribution from the IT Business in Hong Kong.

Other income, gains and losses of the Group recorded a net loss of approximately HK\$2.3 million for the Period as compared with a net gain of approximately HK\$13.1 million for the Last Period. The decrease was mainly due to the net effect of (i) the absence of other income of approximately HK\$12.4 million for the Last Period in respect of the reversal of an amount due to a former Director, Mr. Yeung Chun Wai Anthony, which represented the remaining balance of consideration payable for the purchase of 8,500,000 ordinary shares of SingAsia Holdings Limited, shares of which are listed on the Stock Exchange (stock code: 8293); and (ii) impairment losses on the right-of-use assets of approximately HK\$3.5 million recognised for the Period as a result of the impairment assessment performed by the Group on the cash-generating units relating to the right-of-use assets which were underperforming.

Selling and distribution expenses of the Group for the Period decreased by approximately 74.3% to approximately HK\$77,000 from approximately HK\$0.3 million for Last Period. The decrease was mainly due to decrease in staff costs for sales personnel following further reorganising and outsourcing of the sales activities in the Telecom Business for the Period.

Operation and administrative expenses of the Group for the Period decreased by approximately 38.4% to approximately HK\$10.9 million, from approximately HK\$17.7 million for the Last Period, mainly due to the decrease in staff costs for managerial and administrative staff for the Period and the decrease in legal and professional fees of approximately HK\$3.7 million as a result of fewer corporate actions and transactions carried out by the Group for the Period.

Finance costs of the Group for the Period were mainly composed of interest expenses on lease liabilities of approximately HK\$97,000, compared to approximately HK\$0.9 million for the Last Period. The decrease was due to the absence of (i) interest expenses of approximately HK\$0.6 million on loan from a Director for the Last Period; and (ii) interest expenses of approximately HK\$0.3 million on other borrowings from an independent licensed money lending company for the Last Period.

As a result of the foregoing, the loss attributable to owners of the Company for the Period increased by approximately 10.5% to approximately HK\$11.6 million, from approximately HK\$10.5 million for the Last Period.

## **CAPITAL STRUCTURE, LIQUIDITY AND FINANCING**

As at 30 June 2022, the net assets of the Group amounted to approximately HK\$55.0 million compared to approximately HK\$66.5 million as at 31 December 2021. The decrease in net assets was mainly due to the Group's operating loss for the Period.

As at 30 June 2022, the bank balances and cash (excluding pledged bank deposits) of the Group amounted to approximately HK\$18.2 million (31 December 2021: approximately HK\$30.7 million). The decrease was mainly due to cash used in operations, including payments for services provided by suppliers, administrative expenses, staff costs and rental expenses.

As at 30 June 2022, the pledged bank deposits of the Group amounted to approximately HK\$0.7 million (31 December 2021: approximately HK\$0.7 million). Bank guarantees of approximately HK\$0.5 million as at 30 June 2022 (31 December 2021: approximately HK\$0.6 million) were issued to suppliers for operation requirements.

As at 30 June 2022, the loans from two former Directors amounted to approximately HK\$5.7 million (31 December 2021: approximately HK\$5.7 million). The loans from two former Directors are unsecured, unguaranteed and interest-free.

As at 30 June 2022, the Group's gearing ratio, measured on the basis of loans from former Directors as a percentage of net assets was approximately 10.4% (31 December 2021: approximately 8.6%). The higher gearing ratio was mainly due to the decrease in net assets of the Group as a result of the operating loss recorded by the Group for the Period.

As at 30 June 2022, the lease liabilities of the Group amounted to approximately HK\$3.5 million (31 December 2021: approximately HK\$0.8 million). The increase was mainly due to recognition of lease liabilities of approximately HK\$4.1 million for the Period in relation to the lease of the New Office offset by repayment of lease liabilities of approximately HK\$1.1 million for the Period.

## **FOREIGN EXCHANGE EXPOSURE**

The Group has certain assets, liabilities, and transactions which are denominated in Singapore dollars and Renminbi. The Group continues to closely monitor the exchange rates of each of Singapore dollar and Renminbi and will, whenever appropriate, take appropriate action to mitigate such exchange risks. As at 30 June 2022, no related currency hedges had been undertaken by the Group.

## **CAPITAL COMMITMENTS**

As at 30 June 2022, the Group had no material capital commitments (31 December 2021: nil).

## **CONTINGENT LIABILITIES**

As at 30 June 2022, the Group had no material contingent liabilities (31 December 2021: nil).

## **MATERIAL ACQUISITIONS AND DISPOSAL**

There was no material acquisition or disposal of subsidiaries, associates and joint ventures during the Period.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2022, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, the "SFO") as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

### INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

Name of Director	Capacity	Number of Shares <sup>#</sup> interested	Approximate percentage of shareholding
Cheung Siu Fai ("Mr. Cheung")	Interest of a controlled corporation	983,080,417 (Note 1)	62.40 % (Note 2)

<sup>#</sup> "Shares" means ordinary shares of HK\$0.01 each in the share capital of the Company.

Notes:

- The 983,080,417 Shares are beneficially owned by Beta Dynamic Limited which is wholly and beneficially owned by Mr. Cheung. Mr. Cheung is also the sole director of Beta Dynamic Limited.
- The percentage of shareholding was calculated based on 1,575,420,000 Shares, being the total issued share capital of the Company as at 30 June 2022.

All interests disclosed above represent long positions in the shares of the Company and there were no underlying shares or debentures of the Company held by the Directors or the chief executives of the Company as at 30 June 2022.

### INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF ASSOCIATED CORPORATIONS

Name of Director	Name of associated corporation	Capacity	Number of shares held by Director and the percentage of interests in the share capital of the associated corporation
Cheung Siu Fai	Beta Dynamic Limited (Note 3)	Beneficial owner	130,000 shares, 100%

Note:

- Beta Dynamic Limited, which holds more than 50% of the total issued share capital of the Company, is the holding company of the Company and thus an associated corporation of the Company under the SFO.

All interests disclosed above represent long positions.



## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(continued)*

### INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF ASSOCIATED CORPORATIONS *(continued)*

Save as disclosed above, as at 30 June 2022, none of the Directors or the chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, the interests and short positions of the persons, other than the Directors or the chief executives of the Company, in the shares and underlying shares of the Company as required to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of shareholder	Capacity	Number of Shares <sup>#</sup> interested	Approximate percentage of shareholding
Beta Dynamic Limited	Beneficial owner	983,080,417 <i>(Note 1 above)</i>	62.40% <i>(Note 2 above)</i>

<sup>#</sup> "Shares" means ordinary shares of HK\$0.01 each in the share capital of the Company.

All interests disclosed above represent long positions in the shares of the Company.

Save as disclosed above, as at 30 June 2022, no other person, other than the Directors or the chief executives of the Company, had any interests or short positions in the shares and underlying shares of the Company as required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept under section 336 of the SFO or as otherwise notified to the Company.

## UPDATE ON USE OF PROCEEDS FROM RIGHTS ISSUES

### Rights Issue in May 2021

On 25 June 2021, the Company completed a rights issue of 262,570,000 rights shares at a subscription price of HK\$0.15 per rights share on the basis of one (1) rights share for every four (4) shares held by the qualifying shareholders on the record date of 31 May 2021, the remaining balance of the net proceeds from the May Rights Issue (the “**May Net Proceeds**”) was approximately HK\$11.9 million at the beginning of the Period. The intended use, actual use and remaining balance of the May Net Proceeds are set out below:

Breakdown	Intended use of the May Net Proceeds HK\$'million (approximately)	Actual use of the May Net Proceeds as at 30 June 2022 HK\$'million (approximately)	Remaining balance of the May Net Proceeds as at 30 June 2022 HK\$'million (approximately)	Progress
Repayment of loans and borrowings of the Group:				
– owing to Mr. Cheung	10.2 <i>(note 1)</i>	10.2	–	
– owing to a licensed money lending company which is an independent third party	5.1 <i>(note 2)</i>	5.1	–	
– owing to Mr. Frankie Cheung	3.3	–	3.3	The net proceeds earmarked for the repayment of the interest-free amounts of approximately HK\$5.7 million in aggregate owing to Mr. Frankie Cheung and Mr. Zhao have been set aside pending the resolution of matters between the Group and those two former non-executive Directors.
– owing to Mr. Zhao	2.4	–	2.4	
General working capital, including operating and administrative expenses, salary and rental expenses	17.0	17.0	–	
	38.0	32.3	5.7	

#### Notes:

- comprising of outstanding principal of HK\$10 million and unpaid interest accrued thereon at 12% per annum.
- comprising of outstanding principal of HK\$5 million and unpaid interest accrued thereon at 15% per annum.



## UPDATE ON USE OF PROCEEDS FROM RIGHTS ISSUES *(continued)*

### Rights Issue in November 2021

On 6 December 2021, the Company completed a rights issue of 262,570,000 rights shares at a subscription price of HK\$0.10 per rights share on the basis of one (1) rights share for every five (5) shares held by the qualifying shareholders on the record date of 10 November 2021, the remaining balance of the net proceeds from the November Rights Issue (the “**November Net Proceeds**”) was approximately HK\$14.2 million at the beginning of the Period. On 5 July 2022, the Board resolved to change the proposed use of the November Net Proceeds in the amount of approximately HK\$7 million from funding future investment opportunities to financing the development and maintenance of an e-Commerce platform focusing on wine, details of which were disclosed in the announcement of the Company dated 6 July 2022. The originally intended use, revised intended use, actual use and remaining balance of the November Net Proceeds are set out below:

Breakdown	Originally intended use of the November Net Proceeds HK\$'million (approximately)	Revised intended use of the November Net Proceeds HK\$'million (approximately)	Actual use of the November Net Proceeds as at 30 June 2022 HK\$'million (approximately)	Remaining balance of the November Net Proceeds as at 30 June 2022 HK\$'million (approximately)	Progress
Funding tender submissions, supplier deposits and other payments for projects awarded to the Group's telecommunication business	2.1	2.1	0.3	1.8	To be utilised by December 2022.
Repayment of loan owing to Mr. Cheung	10.8 <i>(note 3)</i>	10.8	10.8	–	
General working capital, including operating and administrative expenses, salary and rental expenses	5.1	5.1	2.8	2.3	To be used as intended by July 2022.
Future investment opportunities	7.0	–	–	–	Reallocated to e-Commerce platform focusing on wine on 5 July 2022.
E-Commerce platform focusing on wine	–	7.0	–	7.0	Reallocated from future investment opportunities on 5 July 2022.
	25.0	25.0	13.9	11.1	

Note:

3. comprising of outstanding principal of HK\$10.5 million and unpaid interest accrued thereon at 9.8% per annum.

### SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 28 June 2018 which is valid and effective for a period of 10 years until 27 June 2028. The scheme mandate limit of the Share Option Scheme has been refreshed upon the shareholders' approval at the annual general meeting of the Company held on 31 May 2022 (the “**2022 AGM**”), which was disclosed in the Company's circular dated 27 April 2022 and announcement dated 31 May 2022. The maximum number of share options which can be granted under the Share Option Scheme is 157,542,000, representing 10% of the issued shares of the Company as at the date of this report. A summary of the principal terms of the Share Option Scheme is set out in the circular of the Company dated 28 May 2018.

During the Period, no share option was outstanding or had been granted or agreed to be granted under the Share Option Scheme. No options were ever granted under the Share Option Scheme.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Directors are committed to maintaining high standards of corporate governance in performing their obligations to act in the best interests of shareholders and enhance long-term shareholder value. Except for the non-compliance and deviations described below, the Directors are not aware of any information which would reasonably indicate that the Company is not, or was not at any time during the Period, acting in compliance with the code provisions (the “**Code Provision(s)**”) of the Corporate Governance Code (the “**Corporate Governance Code**”) set out in Appendix 14 to the Listing Rules.

Under Code Provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. No chief executive officer was appointed by the Company upon the resignation of Ms. Li Bing on 9 November 2020. With effect from 2 March 2021, Mr. Cheung has become the chairman of the Board and also assumed the role of acting chief executive officer of the Company until a suitable candidate is identified. The Board believes that vesting the roles of the chairman of the Board and the acting chief executive officer of the Company in Mr. Cheung will provide the Company with strong and consistent leadership and promote effective and efficient formulation and implementation of business decisions and strategies. The Board considers that such structure is in the best interests of the Company and its shareholders at this stage. The Board however will keep reviewing the current structure of the Group’s management from time to time and should a candidate with suitable knowledge, skill and experience be identified, the Company will make such nomination as appropriate to ensure that the roles of the chairman of the Board and the chief executive officer of the Company are performed by two separate individuals.

Pursuant to Code Provision F.2.2 of the Corporate Governance Code, the chairman of the board should attend the annual general meeting. Mr. Cheung, the chairman of the Board, was unable to attend the 2022 AGM due to other business engagements. Despite his absence, Mr. Cheung had reviewed all the documents of the 2022 AGM provided by the company secretary of the Company before the meeting, and all records and minutes of the 2022 AGM have been circulated to Mr. Cheung after the meeting for information. Mr. Fong Wai Ho, the independent non-executive Director, who took the chair of the 2022 AGM, together with Mr. Hui Chun Wai Henry, executive Director, and other members of the Board who attended the 2022 AGM were of sufficient calibre and knowledge for answering questions at the 2022 AGM.

## COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirms that the Directors have complied with the required standard set out in the Model Code during the Period.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (30 June 2021: nil).

## ASSET CHARGES

The Group had no material asset charges as at 30 June 2022 (31 December 2021: nil).

## REVIEW OF INTERIM FINANCIAL STATEMENTS

The unaudited Interim Financial Statements of the Group for the Period have been reviewed by the Audit Committee before they were duly approved by the Board and the Board is of the opinion that such financial information has been prepared in accordance with the applicable accounting standards.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## EVENTS AFTER THE REPORTING PERIOD

No significant event affecting the Group has occurred since the end of the Period and up to the date of this report.



## EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2022, the Group had 20 (31 December 2021: 23) employees in Hong Kong and Singapore and its total staff costs for the Period were approximately HK\$6.1 million (30 June 2021: approximately HK\$10.1 million).

The Group's remuneration policies and structure have remained unchanged since the date of the 2021 annual report of the Company. The Share Option Scheme was adopted by the Company on 28 June 2018 as set out in the section headed "Share Option Scheme" on page 30 of this report.

## ENVIRONMENTAL AWARENESS

Over the years, the Group has made considerable endeavours in reducing waste in the course of its operations. Since 2015, the Company has participated in the "Wastewi\$e Certificate" of the Hong Kong Green Organisation Certification, which is a recognition scheme established by, among others, the Environmental Protection Department and Environmental Campaign Committee to encourage Hong Kong businesses and organisations in adopting structured measures to reduce the amount of waste generated within their establishments or generated through the services and products they provide. For details, please refer to the section headed "The Company's Mission and Vision on Sustainability Commitment" of the Company's environmental, social and governance report incorporated in the 2021 annual report as issued and published on 26 April 2022.

By Order of the Board

**Cheung Siu Fai**

*Chairman and Executive Director*

Hong Kong, 25 August 2022

This announcement, containing the full text of the 2022 interim report of the Company, complies with the relevant requirements of the Listing Rules in relation to information to accompany preliminary announcements of interim results.

By Order of the Board  
**Great Wall Terroir Holdings Limited**  
**Cheung Siu Fai**  
*Chairman and Executive Director*

Hong Kong, 25 August 2022

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Cheung Siu Fai (chairman) and Mr. Hui Chun Wai Henry, and three independent non-executive Directors, namely Mr. Fong Wai Ho, Mr. Chow Hiu Tung and Mr. Cheung Sze Ming.*