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)

AUDITED FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

HIGHLIGHTS FOR THE YEAR

- The Group's revenue for the year ended 31 December 2023 amounted to approximately HK$89.1 million, representing a decrease of approximately 1.5% from approximately HK$90.5 million for the year ended 31 December 2022.

- The loss attributable to owners of the Company for the year ended 31 December 2023 amounted to approximately HK$35.3 million, representing an increase of approximately 52.2% from approximately HK$23.2 million for the year ended 31 December 2022.

- The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

RESULTS

The board (the "**Board**") of directors (the "**Director(s)**") of Great Wall Terroir Holdings Limited (the "**Company**") herein announces the audited consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the year end 31 December 2023 (the "**Year**"), together with comparative figures for the year ended 31 December 2022, as set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Notes	**2023** *HK$'000*	2022 *HK$'000*
Revenue	*3*		
– Contracts with customers		**87,731**	89,193
– Leases		**1,344**	1,344
Total revenue		**89,075**	90,537
Cost of sales		**(84,012)**	(85,058)
Gross profit		**5,063**	5,479
Other income, gains and losses	*4*	**(7,986)**	(3,305)
Selling and distribution expenses		**(517)**	(167)
Operation and administrative expenses		**(30,201)**	(21,890)
(Loss allowances) reversal of loss allowances, net on			
– Trade receivables		**(564)**	58
– Other receivables		**(101)**	(124)
Write-off of trade receivables		**(145)**	(168)
Write-off of other receivables		**(95)**	–
Net unrealised loss on financial assets at fair value through profit or loss ("**FVTPL**")		**(1)**	(4)
Realised gain on financial assets at FVTPL		**–**	59
Gain on disposal of subsidiaries	*11*	**–**	410
Finance costs	*5(a)*	**(513)**	(337)
Loss before taxation	*5*	**(35,060)**	(19,989)
Income tax expense	*6*	**(193)**	(182)
Loss for the year		**(35,253)**	(20,171)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

For the year ended 31 December 2023

	Note	**2023**	2022
		HK$'000	*HK$'000*
(Loss) profit for the year attributable to:			
Owners of the Company		**(35,253)**	(23,202)
Non-controlling interests		**–**	3,031
Loss for the year		**(35,253)**	(20,171)
		HK cents	*HK cents* (restated)
Loss per share			
Basic and diluted	*8*	**(17.9)**	(14.4)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023	2022
	HK$'000	*HK$'000*
Loss for the year	**(35,253)**	(20,171)
Other comprehensive (expense) income for the year		
Item that will not be subsequently reclassified to profit or loss:		
Designated fair value through other comprehensive income ("**FVTOCI**") – net movement in investment revaluation reserve	**(23)**	(154)
Items that are or may be subsequently reclassified to profit or loss:		
Exchange differences on translation of foreign subsidiaries	**(7)**	25
Release of exchange reserve upon disposal of a subsidiary	**–**	39
Other comprehensive expense for the year	**(30)**	(90)
Total comprehensive expense for the year	**(35,283)**	(20,261)
Total comprehensive (expense) income for the year attributable to:		
Owners of the Company	**(35,283)**	(23,595)
Non-controlling interests	**–**	3,334
Total comprehensive expense for the year	**(35,283)**	(20,261)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment		**81**	93
Right-of-use assets		**–**	–
Investment properties		**49,800**	51,400
Interest in an associate		**–**	–
Designated FVTOCI		**1,887**	1,910
Other receivables	*9*	**772**	395
		52,540	53,798
Current assets			
Inventory		**1,279**	–
Trade and other receivables	*9*	**13,189**	6,132
Contract costs		**314**	37
Financial assets at FVTPL		**10**	11
Pledged bank deposits		**161**	598
Short-term bank deposits		**–**	9,000
Bank balances and cash		**6,121**	18,031
		21,074	33,809
Current liabilities			
Trade and other payables	*10*	**28,156**	21,196
Tax payables		**56**	125
Borrowing		**9,000**	–
Lease liabilities		**3,402**	1,376
		40,614	22,697
Net current (liabilities) assets		**(19,540)**	11,112
Total assets less current liabilities		**33,000**	64,910

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current liabilities			
Deferred tax liabilities		**204**	204
Lease liabilities		**4,817**	1,444
Other payables	*10*	**395**	395
		5,416	2,043
Net assets		**27,584**	62,867
Capital and reserves			
Share capital	*12*	**19,693**	19,693
Reserves		**7,891**	43,174
Total equity		**27,584**	62,867

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS(s)**"), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards ("**HKAS(s)**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) and the applicable disclosure requirements of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The measurement basis used in the preparation of these consolidated financial statement is historical cost, except for investment properties and financial instruments, which were measured at fair values.

Going concern

The Group incurred a net loss attributable to owners of the Company of approximately HK$35,253,000 for the year ended 31 December 2023, and as at the same date, the Group's current liabilities exceeded its current assets by approximately HK$19,540,000.

For the assessment of going concern, the Directors are of the opinion that the Group would be able to continue as going concern as the Group has sufficient financial resources to support the operation of the Group in the foreseeable future, after taking into consideration of the followings:

(a) A shareholder of the Company has granted a loan facility to the Group and undertaken to provide adequate funds to enable the Group to meet its liabilities and to pay financial obligations to third parties as and when they fall due so that the Group can continue as a going concern and carry on its business without significant curtailment of operations for the twelve months from the date of this announcement;

(b) The Directors will strengthen and implement measures aiming at improving the working capital and cash flows of the Group, including closely monitoring the general administrative expenses and operating cost; and

(c) The Group will seek to obtain additional new financial support including but not limited to borrowing loans, issuing additional equity or debt securities.

In view of the above measures, the Directors are of the opinion that the Group will have adequate funds to meet its liabilities as and when they fall due for at least twelve months from the date of this announcement.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangeability[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] *Effective for annual periods beginning on or after 1 January 2024.*
[2] *Effective for annual periods beginning on or after 1 January 2025.*
[3] *No mandatory effective date yet determined but available for adoption.*

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

3. REVENUE AND SEGMENT INFORMATION

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Income from telecommunication services	**86,683**	88,087
Income from information technology business (the "**IT Business**")	**1,048**	1,106
	87,731	89,193
Revenue from leases		
Lease payments that are fixed under operating lease	**1,344**	1,344
	89,075	90,537

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

	Telecommunication services		**IT Business**		**Total**	
	2023	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Timing of revenue recognition:						
– at a point in time	**80,131**	79,851	**24**	287	**80,155**	80,138
– over time	**6,552**	8,236	**1,024**	819	**7,576**	9,055
	86,683	88,087	**1,048**	1,106	**87,731**	89,193

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 Business 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 and financial assets at FVTPL. All liabilities are allocated to reportable segments other than corporate liabilities.

3. REVENUE AND SEGMENT INFORMATION (Continued)

(a) By business segments

Segment results

	Telecommunication services		IT Business		Property investment		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue								
External sales	**86,683**	88,087	**1,048**	1,106	**1,344**	1,344	**89,075**	90,537
Results								
Segment results	**(4,613)**	(2,155)	**(11,898)**	(621)	**(272)**	(275)	**(16,783)**	(3,051)
Unallocated other operating income and expenses							**(18,277)**	(16,938)
Loss before taxation							**(35,060)**	(19,989)

Segment assets and liabilities

	Telecommunication services		IT Business		Property investment		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets								
Segment assets	**15,119**	7,282	**2,862**	212	**50,454**	52,836	**68,435**	60,330
Unallocated assets							**5,179**	27,277
Consolidated total assets							**73,614**	87,607
Liabilities								
Segment liabilities	**(14,033)**	(6,504)	**(7,445)**	(313)	**(655)**	(844)	**(22,133)**	(7,661)
Unallocated liabilities							**(23,897)**	(17,079)
Consolidated total liabilities							**(46,030)**	(24,740)

3. REVENUE AND SEGMENT INFORMATION (Continued)

(b) By geographical information

The Group's operations are principally located in Hong Kong, Singapore and the People's Republic of China (the "**PRC**"). The following table provides an analysis of the Group's revenue from external customers by geographical region in which the operations are located:

	Telecommunication services		IT Business		Property investment		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Geographical region:								
– Hong Kong	**19,516**	27,325	**1,048**	1,106	**1,344**	1,344	**21,908**	29,775
– Singapore	**47,953**	60,762	**–**	–	**–**	–	**47,953**	60,762
– PRC	**19,214**	–	**–**	–	**–**	–	**19,214**	–
	86,683	88,087	**1,048**	1,106	**1,344**	1,344	**89,075**	90,537

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:

	2023	2022
	HK$'000	*HK$'000*
Hong Kong	**50,592**	51,870
Singapore	**41**	–
PRC	**20**	18
	50,653	51,888

(c) Information about major customers

Revenue from external customers contributing 10% or more of the revenue from the telecommunication services segment is as follows:

	2023	2022
	HK$'000	*HK$'000*
Customer A	**20,038**	24,681
Customer B	**20,077**	24,689
Customer C	**10,704**	18,752
Customer D	**19,214**	–

4. OTHER INCOME, GAINS AND LOSSES

	2023	2022
	HK$'000	*HK$'000*
Fair value loss on investment properties	**(1,600)**	(1,600)
Government subsidy	**96**	368
Gain on termination of lease arrangement	**–**	319
Gain on disposal of property, plant and equipment	**5**	–
Impairment losses on property, plant and equipment	**(108)**	(22)
Impairment losses on right-of-use assets	**(6,597)**	(3,491)
Interest income from bank	**153**	85
Net foreign exchange losses	**(41)**	(24)
Sundry income	**55**	612
Write-back of trade payables	**51**	76
Write-back of other payables	**–**	372
	(7,986)	(3,305)

5. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging (crediting) the following:

	2023	2022
	HK$'000	*HK$'000*
(a) Finance costs		
Interest expenses on lease liabilities	**404**	172
Interest expenses on loan from a Director	**–**	165
Interest expenses on borrowing	**109**	–
	513	337
(b) Other items		
Employee salaries and other benefits (including Directors' emoluments)	**13,779**	12,595
Retirement benefit scheme contributions	**720**	473
Total staff costs	**14,499**	13,068
Gross rental income from investment properties	**(1,344)**	(1,344)
Less: direct operating expenses incurred for investment properties that generated rental income	**3**	3
	(1,341)	(1,341)
Auditor's remuneration:		
– audit services	**1,037**	1,134
– other services	**125**	205
Cost of services (included in cost of sales)	**83,990**	85,058
Cost of inventory sold (included in cost of sales)	**22**	–
Depreciation of:		
– property, plant and equipment	**41**	21
– right-of-use assets	**1,522**	698
Lease expenses on short-term leases	**492**	248
Exchange loss, net	**41**	24

6. TAXATION

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for the years ended 31 December 2023 and 2022.

	2023	2022
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax		
Current year	**(193)**	(173)
Deferred tax:		
Current year	**–**	(9)
Total income tax expense	**(193)**	(182)

7. DIVIDENDS

The Board does not recommend the payment of a dividend for the years ended 31 December 2023 and 2022.

8. LOSS PER SHARE

The calculation of the loss per share for the Year is based on the loss attributable to owners of the Company of approximately HK$35,253,000 (2022: approximately HK$23,202,000) and the number of ordinary shares of approximately 196,928,000 (2022 (restated): weighted average number of ordinary shares of approximately 160,770,000) in issue during the Year.

Comparative figures for the weighted average number of ordinary shares for the year ended 31 December 2022 for the purpose of basic loss per share has been adjusted retrospectively for share consolidation on the basis that every ten (10) issued and unissued existing shares be consolidated into one (1) consolidated share (the "**Consolidated Share(s)**") which was completed on 9 June 2023 (the "**Share Consolidation**").

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

9. TRADE AND OTHER RECEIVABLES

	Note	**2023**	2022
		HK$'000	*HK$'000*
Trade receivables			
Trade receivables from contracts with customers		**11,940**	4,166
Loss allowances on trade receivables		**(1,254)**	(856)
	(a)	**10,686**	3,310
Other receivables			
Deposits		**1,622**	866
Prepayments		**1,225**	977
Other debtors		**4,664**	5,747
Deferred lease receivables		**264**	360
		7,775	7,950
Loss allowances on other receivables		**(4,500)**	(4,733)
		3,275	3,217
Total trade and other receivables		**13,961**	6,527
Analysed for reporting purpose as:			
Current assets		**13,189**	6,132
Non-current assets		**772**	395
		13,961	6,527

9. TRADE AND OTHER RECEIVABLES (Continued)

Note:

(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 transaction date:

	2023	2022
	HK$'000	*HK$'000*
Less than 1 month	**3,796**	1,391
1 to 3 months	**5,763**	730
More than 3 months but less than 12 months	**738**	772
More than 12 months	**389**	417
	10,686	3,310

10. TRADE AND OTHER PAYABLES

		2023	2022
	Note	***HK$'000***	*HK$'000*
Trade payables	*(a)*	**11,494**	4,200
Other payables			
Accrued charges and other creditors		**9,781**	10,053
Contract liabilities		**1,071**	1,013
Deposit received		**495**	495
Loans from former Directors		**5,710**	5,710
Receipt in advance		**–**	120
		17,057	17,391
Total trade and other payables		**28,551**	21,591
Analysed for reporting purpose as:			
Current liabilities		**28,156**	21,196
Non-current liabilities		**395**	395
		28,551	21,591

10. TRADE AND OTHER PAYABLES (Continued)

Note:

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

	2023	2022
	HK$'000	*HK$'000*
Less than 1 month	**3,454**	847
1 to 3 months	**5,649**	972
More than 3 months but less than 12 months	**886**	1,365
More than 12 months	**1,505**	1,016
	11,494	4,200

11. DISPOSAL OF SUBSIDIARIES

On 16 December 2022, the Company completed the disposal of 100% equity interest in Stage Charm Limited and its subsidiaries for a consideration of United States dollars 200 (equivalent to approximately HK$2,000). The gain arising from the disposal was calculated as follows:

Analysis of assets and liabilities over which control was lost:

	HK$'000
Trade and other receivables	388
Tax recoverable	53
Bank balances and cash	39
Trade and other payables	(980)
Net liabilities disposed of	(500)
Gain on disposal of subsidiaries:	
Consideration received	2
Release of exchange reserve	(39)
Non-controlling interests	(53)
Net liabilities disposed of	500
Gain on disposal	410
Net cash outflow arising on disposal:	
Cash consideration received	2
Less: bank balances and cash disposed of	(39)
	(37)

12. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.1 (2022: HK$0.01) each		
Authorised:		
Balance as at 1 January 2022, 31 December 2022 and 1 January 2023	12,000,000,000	120,000
Share Consolidation *(Note (a))*	(10,800,000,000)	–
Balance as at 31 December 2023	1,200,000,000	120,000
Issued and fully paid:		
Balance as at 1 January 2022	1,575,420,000	15,755
Issue of new shares under rights issue *(Note (b))*	393,855,000	3,938
Balance as at 31 December 2022 and 1 January 2023	1,969,275,000	19,693
Share Consolidation *(Note (a))*	(1,772,347,500)	–
Balance as at 31 December 2023	196,927,500	19,693

Notes:

(a) Pursuant to an ordinary resolution passed by shareholders of the Company (the "**Shareholder(s)**") at the annual general meeting held on 7 June 2023 (the "**2023 AGM**"), every ten (10) issued and unissued ordinary shares with a par value of HK$0.01 each in the authorised and issued share capital of the Company were consolidated into one (1) ordinary share with a par value of HK$0.1 each, which became effective on 9 June 2023. Details of the Share Consolidation are disclosed in the Company's announcements dated 24 March 2023 and 8 June 2023 and circular dated 27 April 2023 respectively.

(b) In December 2022, the Company allotted 393,855,000 new ordinary shares on the basis of one (1) rights share for every four (4) shares held on the record date of 17 November 2022 at a subscription price of HK$0.045 per rights share. Details of the rights issue are disclosed in the Company's announcements dated 13 October 2022 and 12 December 2022 and prospectus dated 21 November 2022 respectively.

13. EVENTS AFTER THE REPORTING PERIOD

No significant event affecting the Company has occurred since the end of the Year.

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

BUSINESS REVIEW

Overall Review

The global economy has gradually shaken off the impact of the Coronavirus Disease 2019 ("**COVID-19**") pandemic and ushered in an overall recovery. In Singapore, the ripple effects of the post COVID-19 pandemic recovery after Singapore lifted all COVID-19 entry restrictions in February 2023, surpassing arrival of one million passengers each month. In Hong Kong, with the resumption of full customs clearance with the PRC and overseas since February 2023, it has seen an increasing number of tourists from the PRC and different countries who have returned to Hong Kong after three years. This prompted varying degrees of rebound in local private consumption and tourism related industries. In the PRC, the government of the PRC lifted a wide range of restrictions and regulations containing the spread of the COVID-19, such as restrictions on internal and international travel and mandatory quarantine for inbound travellers and people infected with the COVID-19 in early 2023. The PRC's economy has experienced healthy recovery since the COVID-19 pandemic, though recovery has not been entirely smooth and balanced in all sectors.

In Singapore, inflation displayed a downward trend, standing at 4.8% in 2023. This figure reflects a broader slowdown in various goods and service categories, coupled with a stabilising labour market. A key factor for the weakness of economic growth has been contracting manufacturing output and exports. In the realm of fiscal policy, Singapore remained steadfast in its commitment to alleviating and providing crucial policy support for businesses.

In Hong Kong, the prices in both the property and stock markets have started to fall since the end of 2021 until now. The Hong Kong Monetary Authority indicated that the number of residential mortgage loans in negative equity in Hong Kong exceeded 25,000 cases as at 31 December 2023. The financial services sector has been affected by geopolitical tension between the PRC and the United States and the perception of uncertainty in Hong Kong's autonomy which has impact on investor confidence and foreign investment. The domestic economic environment is full of challenges, which continue to drag down the performance of exports of goods and economic growth. The driving force for growth in Hong Kong relies more on internal demand, the improvement of the inbound tourist market and financial service.

BUSINESS REVIEW (CONTINUED)

Overall Review (Continued)

In the PRC, the economy of the PRC experienced ups and downs in 2023. Growth was driven by the resilience of the high-tech industry and services sectors, while challenges came from decline in the real estate and related sectors, debt risk and weak consumption growth. The government of the PRC recognised the challenging financial situation and proactively implemented a series of fiscal and monetary policies to stimulate the economy of the PRC.

Without exception, the economic growth of Singapore was slowed down during the Year. The GDP of Singapore, year-on-year, grew 1.1% for the Year, as compared with 3.8% of the preceding year, according to the Ministry of Trade and Industry of Singapore (the "**MTI**"). Against this backdrop, the Group's revenue decreased by approximately 1.5% to approximately HK$89.1 million for the Year, from approximately HK$90.5 million for the preceding year.

The loss attributable to owners of the Company for the Year increased by approximately 52.2% to approximately HK$35.3 million, from approximately HK$23.2 million for the preceding year.

BUSINESS REVIEW (CONTINUED)

Telecom Business

Revenue recorded from the telecom business, which comprised the telecommunication and related information technology businesses in Singapore, Hong Kong and the PRC (the "**Telecom Business**"), amounted to approximately HK$86.7 million for the Year, representing a decrease of approximately 1.6% compared to approximately HK$88.1 million for the preceding year, mainly attributable to the decrease in revenue of both retail and wholesale voice telecommunication service segments of the Telecom Business. During the Year, the highly competitive market landscape and the heavy dominance of incumbent players had undoubtedly posed pressure on the Telecom Business. Driven by better performance of consumer electronics such as mobile phones as well as advanced broadband and cloud computing infrastructure, retail customers are offered with a variety of choices and channels, which are often free-of-charge, to communicate with each other without the use of the Group's or other similar voice telecommunication services. The Group had been active in exploring new market opportunities to diversify the income stream of the Telecom Business in order to gain resilience against the cyclical downturn of the economy and change in consumer habits. During the Year, the Group expanded its service offerings in the Telecom Business by engaging in the provision of global positioning system ("**GPS**") mobile connectivity solutions in the PRC automobile market, and was actively pursuing business opportunities for wholesale short message service ("**SMS**") services.

BUSINESS REVIEW (CONTINUED)

Telecom Business (Continued)

GPS refers to a group of navigation satellites orbiting the Earth that transmit signals, and such signals can be used by a receiver device to triangulate its location. GPS technology is widely used in the business world, often bundled with other detection devices and mobile connectivity, in fleet management, taxi services and private car monitoring. The demand for GPS vehicle positioning services for enterprise customers had increased in recent years as more businesses took advantage of advance technology as a business tool for its accuracy and reliability for navigation and location tracking. The Group expected such demand to grow continuously as technology kept evolving and the general public has embraced the benefits of GPS technology advancement as evidenced by the growing popularity of small tracking devices like Apple AirTag. The Group intended to leverage its existing knowledge and relationship network in the telecommunications and information technology industry to capture opportunities in the asset tracking solution segment. The GPS services with mobile connectivity currently provided by the Group mainly include GPS vehicle positioning services and the distribution and installation of GPS vehicle terminal equipment (the "**GPS Services**") for corporate clients. The GPS Services track the locations of targeted vehicles in real-time to ensure the whereabouts and security of the targeted vehicles. Apart from vehicle positioning, our clients would also be instantly alerted of unusual circumstances associated with their vehicles or any attempt to tamper with the GPS vehicle terminal equipment. The Group has started recording revenue of approximately HK$19.2 million from the provision of the GPS Services during the Year.

Over the last few years, with the rapid development of e-Commerce businesses and the wide acceptance of social media platforms, there had been a resurgence in the use of SMS to facilitate two-factor authentication (2FA) for online transactions and log-ins and also for marketing and user interactions purposes. In order to capitalise on this increase in demand of SMS services, the Group has been actively pursuing opportunities in the wholesale SMS business, and during the course of initial trial in the Year, recorded revenue of approximately HK$5.9 million.

BUSINESS REVIEW (CONTINUED)

IT Business

Revenue recorded from the IT Business, comprised IT Services (as defined below) and E-Commerce Business (as defined below).

Revenue recorded from the IT services provided 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 Services**"), amounted to approximately HK$1.0 million for the Year. The revenue from the IT Services for the Year decreased by approximately 9.1% to approximately HK$1.0 million, compared to approximately HK$1.1 million for the preceding year.

Since the commencement of the IT Services in 2021, the Group had successfully built a strong relationship with its customers by providing them with ongoing quality services, which results in not only having all of the annual maintenance contracts with existing customers renewed, but also enabling an easier up-sale/cross-sale of other services to them. During the Year, the Group had completed most of the tasks under two contracts for revamping the online e-shop and point-of-sale system with a total contract sum of approximately HK$0.7 million, which contracts were secured from the Group's existing customers (the "**e-Shop Revamp Contracts**"). The revenue from the e-Shop Revamp Contracts for the Year increased by approximately 100.0% to approximately HK$0.4 million compared to approximately HK$0.2 million in the preceding Year. As at 31 December 2023, an aggregate revenue of approximately HK$0.6 million derived from the e-Shop Revamp Contracts was recognised.

Other than the IT Services, the Group had actively worked on expanding sources of revenue for the IT Business by developing a platform (the "**Platform**") which allows users of the Platform to buy and sell wine online (the "**E-Commerce Business**"), in light of the rapid development of e-Commerce business in Hong Kong and the potential growth in the local wine market. During the Year, the Group generated modest revenue from the Platform. There was no revenue recorded for the Platform in the preceding year as the Platform was launched and went live in April 2023 with more than 1,000 SKUs as at 31 December 2023.

Given the intense market competition, the Group would endeavour to explore business opportunities with new customer acquisitions while focusing on maintaining its existing customer base.

BUSINESS REVIEW (CONTINUED)

Investment Properties

The rental income from a property acquired by the Group in September 2021 (the "**Property**") was approximately HK$1.3 million for both the Year and the preceding year. 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 and the valuation report prepared by an independent qualified professional valuer, amounted to approximately HK$49.8 million as at 31 December 2023, as compared with the fair value of the Property of approximately HK$51.4 million as at 31 December 2022.

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.

Prospects

The global economy is undergoing a gradual rebound after the COVID-19 pandemic. Growth is expected to be resilient and global inflationary risk is expected to recede, but geopolitical risks and uncertainties would remain. The Organisation for Economic Co-operation and Development projects the world GDP to grow at 2.7% in 2024, a mild slowdown from 2.9% it projected for 2023. The International Monetary Fund (the "**IMF**") forecasts global growth slowdown from 3.0% in 2023 to 2.9% in 2024. The global growth slowdown is anticipated for 2024, but the recession risks have ebbed from early 2023. It is expected that the Federal Reserve will gradually reduce the interest rates in 2024 after aggressively hiking the interest rates since March 2022, a potential drop in lending rates will diminish finance cost pressures of corporations and increase motivation to make investments and enhance existing infrastructures. Having said that, a series of crises recently happened may have significant impact on the recovery of global economy, an escalation or widening of the Israel-Hamas conflict or war in Ukraine or cargo ships attack in the Suez Canal by Houthis could disrupt global supply chains and recovery of global economy.

BUSINESS REVIEW (CONTINUED)

Prospects (Continued)

In Singapore, the MTI estimates the GDP growth forecast for 2024 will be between 1% and 3% by taking into account continued tight financial conditions and inflation pressure. In Hong Kong, due to continuing investment in the innovation technology industry and recovery of inbound tourism, the Chinese Manufacturers' Association of Hong Kong expects GDP growth rate may rise slightly to 3.5% in 2024. In the PRC, the IMF forecasts GDP growth in the PRC to be around 4.6% in 2024 in consideration of the intensification of proactive fiscal policy and adjustment of real estate and related sectors.

Under the existent market headwinds, the Group will closely review the financial performance and financial position by continuously monitoring the cash flow and effectively managing the use of working capital in order to control the impact of the above mentioned environment.

For Telecom Business, the Group has been impacted by the change in the market landscape and user habits in communications after the COVID-19 pandemic. The Group has taken necessary steps to respond to the change so as to maintain the activity level and revenue contribution while being vigilant on the shift in its cost structure. Under the keen competition within the industry, the Group had broadened its range of services in the Telecom Business by providing GPS Services in the PRC market and has been exploring on business opportunities for wholesale SMS services during the Year. As the GPS market of the PRC is set to experience steady growth, driven by a combination of continuous technological advancements, growing environmental awareness, and the rising need for streamlined operations. To seize the evolving market opportunities, industry players are anticipated to concentrate on product innovation, strategic collaborations, and geographical expansion. The Group will keep on seeking for new services to be provided to supplement its existing portfolio of service offerings with an aim of creating a well-balanced revenue stream.

BUSINESS REVIEW (CONTINUED)

Prospects (Continued)

The strong demand of IT Services in Hong Kong, Singapore or overseas on business activities, home leisure, healthcare and daily life during the COVID-19 pandemic makes corporations to largely innovate and develop in varying degrees of user-friendly software or tools to minimise the impact of work-from-home and make work life effective and efficient. The Group will leverage its existing technological expertise to take advantage of the opportunities arising from the growth demands in the IT industry. In addition to IT Services, the Group commenced its E-Commerce Business by establishment of the Platform during the Year. With the mission of "Connecting people, who are potential buyers or sellers of wine, with wine through our Platform", our operation team will also actively explore new wine suppliers to enlarge the number of SKUs from different countries and do promotion in different channels in order to increase the awareness of the Platform. The Platform during its first year of operations has been accumulating a number of loyal customers, and the Group anticipates that more resources will be invested in system enhancement, development of functions and features and product offerings, which is an ongoing process to improve customer experience on the Platform.

The Group will also proactively explore new business opportunities to enhance its business diversification and deliver improved returns to Shareholders.

FINANCIAL REVIEW

Revenue and Results

The revenue of the Group for the Year decreased by approximately 1.5% to approximately HK$89.1 million, compared to approximately HK$90.5 million for the preceding year. The revenue from the Telecom Business for the Year decreased by approximately 1.6% to approximately HK$86.7 million, from approximately HK$88.1 million for the preceding year, mainly due to decline in retail and wholesale voice telecommunication business following intense competition during the Year. The decrease in revenue from the voice telecommunication business was partially compensated by revenue generated from the GPS Services during the Year. The revenue from the IT Business in Hong Kong for the Year was approximately HK$1.0 million which decreased slightly when compared to the preceding year. The rental income from the Property for both the Year and the preceding year were maintained at approximately HK$1.3 million.

The gross profit of the Group for the Year decreased by approximately 7.3% to approximately HK$5.1 million, from approximately HK$5.5 million for the preceding year. The overall gross profit margin of the Group for the Year decreased to approximately 5.7% from approximately 6.1% for the preceding year. The decrease in gross profit and gross profit margin of the Group was mainly due to the decrease in revenue and lower gross profit margin on wholesale voice telecommunication business as compared to the preceding year.

Other income, gains and losses of the Group for the Year recorded a net loss of approximately HK$8.0 million for the Year as compared with a net loss of approximately HK$3.3 million for the preceding year. The increase was mainly due to the combined effect of (i) the increase in impairment losses on the right-of-use assets of approximately HK$3.1 million recognised for the Year 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 and (ii) the absence of subsidy from the 2022 Employment Support Scheme launched by the government of Hong Kong, gain on termination of lease arrangement and income from office sharing with a related party in an aggregate amount of approximately HK$1.2 million.

Selling and distribution expenses of the Group for the Year increased by approximately 150.0% to approximately HK$0.5 million from approximately HK$0.2 million for the preceding year. The increase was mainly due to increase in headcount of sales staff in the Telecom Business and increase in marketing expenses in relation to the Platform.

FINANCIAL REVIEW (CONTINUED)

Revenue and Results (Continued)

Operation and administrative expenses of the Group for the Year increased by approximately 37.9% to approximately HK$30.2 million, from approximately HK$21.9 million for the preceding year. The increase was mainly due to the increase in both Directors' remuneration and benefits expenses, staff cost for managerial and operation staff as well as consultancy fee for various divisions during the Year, including the team for the development and maintenance of the Platform and GPS business and professional advice on evaluation of potential investment and business development opportunities.

Gain on disposal of the entire issued share capital of ZONE Enterprises Limited (a former wholly-owned subsidiary of the Group) during the Year was generated. The Group recorded a gain of approximately HK$0.4 million on disposal of the entire issued share capital of Stage Charm Limited (a former wholly-owned subsidiary of the Group) during the preceding year.

Finance costs of the Group for the Year increased by approximately 66.7% to approximately HK$0.5 million, from approximately HK$0.3 million for the preceding year. The increase was due to the net effect of (i) the increase in interest expenses on lease liabilities; (ii) the increase in interest expenses on bank loan; and (iii) the absence of interest expenses on loan from a Director during the Year.

As a result of the foregoing, the loss attributable to the owners of the Company for the Year increased by approximately 52.2% to approximately HK$35.3 million, from approximately HK$23.2 million for the preceding year.

Capital Structure, Liquidity and Financing

As at 31 December 2023, the net assets of the Group amounted to approximately HK$27.6 million (2022: approximately HK$62.9 million). The decrease in net assets was due to the Group's operating loss for the Year.

FINANCIAL REVIEW (CONTINUED)

Capital Structure, Liquidity and Financing (Continued)

Capital expenditures for the Year amounted to approximately HK$136,000, compared to approximately HK$73,000 for the preceding year.

As at 31 December 2023, the bank balances and cash (excluding pledged bank deposits) of the Group amounted to approximately HK$6.1 million (2022: approximately HK$18.0 million). The decrease was mainly due to the net effect of (i) net cash used in operating activities of approximately HK$27.1 million, offset by (ii) the cash inflow from the maturity of the short-term bank deposits of HK$9.0 million, and (iii) the cash inflow from a new bank loan of HK$9.0 million.

As at 31 December 2023, the pledged bank deposits of the Group amounted to approximately HK$0.2 million (2022: approximately HK$0.6 million). Bank guarantees of approximately HK$0.2 million (2022: approximately HK$0.5 million) were issued to suppliers for operation requirements.

As at 31 December 2023, the loans from two former Directors amounted to approximately HK$5.7 million (2022: approximately HK$5.7 million). The loans from two former Directors are unsecured, unguaranteed, and interest-free.

As at 31 December 2023, the bank loan amounted to HK$9.0 million (2022: Nil).

As at 31 December 2023, the Group's gearing ratio, measured on the basis of loans from former Directors and bank loan as a percentage of net assets was approximately 53.3% (2022: approximately 9.1%).

As at 31 December 2023, the lease liabilities amounted to approximately HK$8.2 million (2022: approximately HK$2.8 million). The increase was mainly due to the recognition of lease liabilities of approximately HK$8.0 million during the Year regarding the lease of an additional office partly offset by repayment of lease liabilities of approximately HK$2.6 million during the Year.

FINANCIAL REVIEW (CONTINUED)

Capital Structure, Liquidity and Financing (Continued)

On 7 June 2023, the Shareholders approved the Share Consolidation of every ten issued and unissued then existing ordinary shares of the Company with par value of HK$0.01 each into one Consolidated Share with par value of HK$0.10 each. The Share Consolidation took effect on 9 June 2023. Immediately after the Share Consolidation becoming effective, the authorised share capital of the Company of HK$120,000,000 were divided into 1,200,000,000 Consolidated Shares with par value of HK$0.10 each, of which 196,927,500 Consolidated Shares were in issue. Further details of the Share Consolidation were set out in the announcements of the Company dated 24 March 2023 and 8 June 2023 and the circular of the Company dated 27 April 2023 respectively.

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 31 December 2023, no related currency hedges had been undertaken by the Group.

Capital Commitments

As at 31 December 2023, the Group had no material capital commitments (2022: Nil).

Contingent Liabilities

As at 31 December 2023, the Group had no material contingent liabilities (2022: Nil).

Asset Charges

The Group had no material asset charges during the Year (2022: Nil).

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2023, the Group had 28 (2022: 25) employees, including Directors, in Hong Kong, Singapore and the PRC and its total staff costs for the Year were approximately HK$14.5 million (2022: approximately HK$13.1 million).

The Group's remuneration policies are formulated on the basis of the performance and experience of individual employees and are in line with local market practices where the Group operates. In addition to salary and bonus payments, the Group also offers other fringe benefits, including provident fund and medical benefits, to employees. A share option scheme was adopted by the Company on 28 June 2018 to provide incentive to Directors and employees of the Group. Directors' remuneration is decided by the remuneration committee of the Company, with regard to the Company's operating results, individual performance and comparable market statistics. The Group also provides relevant trainings to its employees in accordance with the skill requirements of different positions.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board is 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-compliances 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 Year, acting in compliance with the code provisions (the "**Code Provision(s)**") of the Corporate Governance Code (the "**Corporate Governance Code**") set out in Appendix C1 to the Listing Rules.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE (CONTINUED)

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 Siu Fai ("**Mr. Cheung**") has become the chairman of the Board (the "**Chairman**") and also assumed the role of acting chief executive officer of the Company (the "**Acting Chief Executive Officer**") until a suitable candidate is identified. The Board believes that vesting the roles of the Chairman and the Acting Chief Executive Officer in Mr. Cheung can 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 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, was unable to attend the 2023 AGM due to other business engagements. Despite his absence, Mr. Cheung had reviewed all the documents of the 2023 AGM provided by the company secretary of the Company before the meeting, and all records and minutes of the 2023 AGM have been circulated to Mr. Cheung after the meeting for information. Mr. Hui Chun Wai Henry, who took the chair of the 2023 AGM, together with other members of the Board who attended the 2023 AGM were of sufficient calibre and knowledge for answering questions at the 2023 AGM.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules 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 Year.

REVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

The audit committee of the Company (the "**Audit Committee**") reviewed, with the external auditor of the Company, the audited consolidated financial statements of the Group for the Year. Based on this review and discussions with the management of the Company, the Audit Committee was satisfied that the consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the Year. The Audit Committee has also reviewed the effectiveness of the financial control, internal control and risk management systems of the Company.

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant subsequent events of the Group requiring disclosure after the reporting period and up to the date of this announcement.

SCOPE OF WORK OF CONFUCIUS INTERNATIONAL CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2023, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's auditor, Confucius International CPA Limited, to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by Confucius International CPA Limited in this announcement did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Confucius International CPA Limited on this announcement.

EXTRACTS FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the Year.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty related to Going Concern

The accompanying consolidated financial statements for the year ended 31 December 2023 have been prepared assuming that the Group will continue as a going concern. We draw attention to note 3 to the consolidated financial statements which indicated that the Group incurred a net loss attributable to owners of the Company of approximately HK$35,253,000 for the year ended 31 December 2023, and as at the same date, the Group's current liabilities exceeded its current assets by approximately HK$19,540,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. As explained in the consolidated financial statements, these consolidated financial statements have been prepared on a going concern basis. The directors, having considered the measures being taken by the Group, are of the opinion that the Group would be able to continue as a going concern. Our audit opinion is not modified in respect of this matter.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2022: Nil).

PUBLICATION OF FURTHER INFORMATION

The annual report of the Company for the Year containing all information required by Appendix D2 to the Listing Rules will be published on both the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.gwt.hk) and dispatched to the Shareholders in due course.

APPRECIATION

The Board would like to take this opportunity to express gratitude to all of our Shareholders and business associates for their continuous support and to all our staff for their dedication and contribution to the Group.

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

Hong Kong, 21 March 2024

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.