



Great Wall Terroir
長城天下

Interim Report 2021

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

(Formerly known as Great Wall Belt & Road Holdings Limited 長城一帶一路控股有限公司)
(Incorporated in Bermuda with limited liability)
(Stock Code: 524)





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—Certificate—



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CORPORATE INFORMATION



BOARD OF DIRECTORS EXECUTIVE DIRECTORS

Cheung Siu Fai (*Chairman and acting Chief Executive Officer*)
(*appointed as the Chairman and acting
Chief Executive Officer with effect from 2 March 2021*)
Hui Chun Wai Henry
(*appointed with effect from 2 March 2021*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Fong Wai Ho
Chow Hiu Tung
(*appointed with effect from 12 March 2021*)
Cheung Sze Ming
(*appointed with effect from 12 March 2021*)

COMPANY SECRETARY

Leung Yung Yan
(*appointed with effect from 30 April 2021*)

AUDITOR

Confucius International CPA Limited
Certified Public Accountants

LEGAL ADVISERS

Conyers Dill & Pearman (as to Bermuda laws)
Reed Smith Richards Butler (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 1602, 16/F.
COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 524

WEBSITE

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
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

The board (the “**Board**”) of directors (the “**Director(s)**”) of Great Wall Terroir Holdings Limited (formerly known as “Great Wall Belt & Road 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 2021 (the “**Period**”), together with comparative figures for the corresponding period in 2020. The Interim Results are unaudited but have been reviewed by the audit committee (the “**Audit Committee**”) of the Company.

		Six months ended 30 June	
		2021	2020
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	68,380	40,439
Cost of sales		(66,080)	(37,311)
Gross profit		2,300	3,128
Other revenue and income	4	13,230	38,384
		15,530	41,512
Selling and distribution expenses		(299)	(517)
Business promotion and marketing expenses		(32)	(107)
Operating and administrative expenses		(17,696)	(11,630)
Other operating expenses		(43)	(225)
(Loss) profit from operations		(2,540)	29,033
Loss allowances on trade receivables		(171)	–
Reversal of loss allowances on other receivables		10	–
Write-off of financial assets at FVTPL		(425)	–
Impairment loss on property, plant, and equipment		(126)	–
Net unrealised loss on financial assets at FVTPL		(295)	(1,051)
Loss on disposal of a subsidiary	15	(5,962)	–
Finance costs	5	(948)	(23)
(Loss) profit before taxation	5	(10,457)	27,959
Income tax credit	6	–	100
(Loss) profit for the period		(10,457)	28,059
(Loss) profit for the period attributable to:			
Owners of the Company		(10,457)	28,031
Non-controlling interests		–	28
(Loss) profit for the period		(10,457)	28,059
		HK cents	HK cents
			(restated)
(Loss) earnings per share			
Basic and diluted	8	(1.0)	2.6

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME



For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
(Loss) profit for the period	(10,457)	28,059
Other comprehensive income (expense) for the period		
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
Designated FVTOCI – net movement in investment revaluation reserves	–	(66)
Gain on disposal of designated 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	490	24
Share of other comprehensive expense of associates		
– Exchange difference on translation	–	(1,001)
Other comprehensive income (expense) for the period	4,024	(1,043)
Total comprehensive (expense) income for the period	(6,433)	27,016
Total comprehensive (expense) income for the period attributable to:		
Owners of the Company	(6,379)	26,932
Non-controlling interests	(54)	84
Total comprehensive (expense) income for the period	(6,433)	27,016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	Notes	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		32	154
Right-of-use assets		–	–
Interest in associates		–	–
Intangible assets		–	–
Goodwill		–	–
Designated FVTOCI	16	2,037	2,123
		2,069	2,277
Current assets			
Financial assets at FVTPL	16	176	896
Trade and other receivables	10	36,598	12,343
Tax recoverable		56	55
Pledged bank deposits	9	630	755
Bank balances and cash		66,697	33,238
		104,157	47,287
Assets classified as disposal group held for sale		–	59,188
		104,157	106,475
Current liabilities			
Trade and other payables	11	46,980	85,443
Borrowings	12	5,000	–
Lease liabilities		911	932
		52,891	86,375
Liabilities classified as disposal group held for sale		–	166
		52,891	86,541
Net current assets		51,266	19,934
Total assets less current liabilities		53,335	22,211
Non-current liabilities			
Lease liabilities		319	714
NET ASSETS		53,016	21,497
Capital and reserves			
Share capital	13	13,128	10,503
Reserves		43,191	14,243
Equity attributable to owners of the Company		56,319	24,746
Non-controlling interests		(3,303)	(3,249)
TOTAL EQUITY		53,016	21,497

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



For the six months ended 30 June 2021

	Attributable to owners of the Company											
	Reserves										Non-controlling interests	Total equity
	Share capital	Share premium	Exchange reserve	Investment revaluation reserves (non-recycling)	Capital redemption reserve	Capital reserve	Contributed surplus	Accumulated losses	Total reserves	Sub-total		
HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	
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	-	-	-	781	-	-	-	-	781	781	-	781
<i>Items that are or may be subsequently reclassified to profit or loss:</i>												
Exchange differences on translation of foreign subsidiaries	-	-	544	-	-	-	-	-	544	544	(54)	490
Release of exchange reserves upon disposal of a subsidiary	-	-	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 income (expense) for the period	-	-	3,297	781	-	-	-	(10,457)	(6,379)	(6,379)	(54)	(6,433)
Transfer 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
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
At 1 January 2020	10,503	290,303	(5,479)	(5,502)	25	(64)	83,489	(368,260)	(5,488)	5,015	(3,116)	1,899
Profit for the period	-	-	-	-	-	-	-	28,031	28,031	28,031	28	28,059
Other comprehensive (expense) income for the period												
<i>Item that will not be subsequently reclassified to profit or loss:</i>												
Designated FVTOCI – net movement in investment revaluation reserves	-	-	-	(66)	-	-	-	-	(66)	(66)	-	(66)
<i>Items that are or may be subsequently reclassified to profit or loss:</i>												
Exchange differences on translation of foreign subsidiaries	-	-	(32)	-	-	-	-	-	(32)	(32)	56	24
Share of other comprehensive expense of associates – exchange differences on translation	-	-	(1,001)	-	-	-	-	-	(1,001)	(1,001)	-	(1,001)
Total other comprehensive (expense) income for the period	-	-	(1,033)	(66)	-	-	-	-	(1,099)	(1,099)	56	(1,043)
Total comprehensive (expense) income for the period	-	-	(1,033)	(66)	-	-	-	28,031	26,932	26,932	84	27,016
As at 30 June 2020	10,503	290,303	(6,512)	(5,568)	25	(64)	83,489	(340,229)	21,444	31,947	(3,032)	28,915

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Unaudited)
Net cash used in operating activities		(19,493)	(1,407)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(24)	(3)
Proceeds from disposal of designated FVTOCI		867	–
Release of pledged bank deposits, net		114	5
Net cash inflow from disposal of a subsidiary	15	28,212	–
Deposits paid for acquisition of a company	10(b)	(7,763)	–
Net cash generated from investing activities		21,406	2
FINANCING ACTIVITIES			
Repayment of loan from a director		(10,000)	–
Borrowings raised	12	5,000	–
Proceeds from issue of new shares under rights issue, net of expenses		37,952	–
Interest paid		(955)	(23)
Repayment of lease liabilities		(416)	(922)
Net cash generated from (used in) financing activities		31,581	(945)
Net increase (decrease) in cash and cash equivalents		33,494	(2,350)
Cash and cash equivalents at 1 January		33,238	6,672
Effect of foreign exchange rate changes		(35)	22
Cash and cash equivalents at 30 June		66,697	4,344
Analysis of the balances of cash and cash equivalents:			
Bank balances and cash		66,697	4,238
Assets classified as disposal group held for sales		–	106
		66,697	4,344

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30 June 2021

1. GENERAL INFORMATION

Great Wall Terroir Holdings Limited, formerly known as Great Wall Belt & Road 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 Company had changed its name to Great Wall Terroir Holdings Limited effective from 11 June 2021. 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 1602, 16/F., COFCO Tower, 262 Gloucester Road, Causeway Bay, 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 2021 are unaudited and have been prepared in accordance with Hong Kong Accounting Standard 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 2020 annual financial statements. The accounting policies adopted in preparing the Interim Financial Statements for the six months ended 30 June 2021 are consistent with those in the preparation of the Group’s annual financial statements for the year ended 31 December 2020.

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 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

3. REVENUE AND SEGMENTAL INFORMATION

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 and IT and distribution services.

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 financial assets at fair value through profit or loss (“**FVTPL**”), designated fair value through other comprehensive income (“**FVTOCI**”), 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 2021

3. REVENUE AND SEGMENTAL INFORMATION *(continued)*

Analyses of the Group's segmental information by business and geographical segments during the Period are set out below.

(a) By business segments *Segment results*

	Telecommunication services		IT and distribution services		Total	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Six months ended 30 June						
Revenue						
Recognised at a point of time	62,602	35,180	–	–	62,602	35,180
Recognised over time	5,724	5,259	54	–	5,778	5,259
	68,326	40,439	54	–	68,380	40,439
Results						
Segment results	(1,312)	(237)	(53)	178	(1,365)	(59)
Finance costs	–	(3)	–	–	–	(3)
	(1,312)	(240)	(53)	178	(1,365)	(62)
Unallocated other operating income and expenses					(9,092)	28,021
(Loss) profit before taxation					(10,457)	27,959

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021



3. REVENUE AND SEGMENTAL INFORMATION *(continued)*

(a) By business segments *(continued)*

Segment assets and liabilities

	Telecommunication services		IT and distribution services		Total	
	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Assets						
Segment assets	35,089	15,943	650	484	35,739	16,427
Assets classified as disposal group held for sale					–	59,188
Unallocated assets					70,487	33,137
Total consolidated assets					106,226	108,752
Liabilities						
Segment liabilities	(29,930)	(12,862)	(1,794)	(1,033)	(31,724)	(13,895)
Liabilities classified as disposal group held or sale					–	(166)
Unallocated liabilities					(21,486)	(73,194)
Total consolidated liabilities					(53,210)	(87,255)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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:

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Hong Kong	12,267	1,468
Singapore	56,113	38,971
	68,380	40,439

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:

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
	Hong Kong	32

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021



4. OTHER REVENUE AND INCOME

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Compensation entitled	–	37,172
Interest income arising from financial assets at FVTPL	–	1
Interest income from bank	2	13
Interest income from loan receivables from a non-controlling interest	–	243
Write back of other payables (<i>Note</i>)	12,393	–
Others	835	955
	13,230	38,384

Note:

The amount was derived from the reversal of an amount due to a former Director, Mr. Yeung Chun Wai Anthony (“**Mr. Yeung**”), which represented the remaining balance of consideration payable by the Company for the purchase of 8,500,000 sub-divided ordinary shares of SingAsia Holdings Limited (Stock Code: 8293).

5. (LOSS) PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Finance costs		
Interest expenses on lease liabilities	16	23
Interest expenses on loan from a director	595	–
Interest expenses on other borrowings	337	–
	948	23
Other items		
Employee salaries and other benefits (including directors’ emoluments)	9,788	7,260
Retirement benefit scheme contributions	294	367
Total staff costs	10,082	7,627
Cost of services provided	66,080	37,311
Depreciation of property, plant and equipment	20	96
Leases expenses on short-term leases	120	436
Exchange loss, net	1	42

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

6. TAXATION

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – PRC		
Over-provision in respect of prior period	–	100
Total tax credit	–	100

Hong Kong profits tax is calculated based on 16.5% on the estimated assessable profits during the Period (30 June 2020: 16.5%).

Taxation for subsidiaries based outside Hong Kong (including the People's Republic of China (the "PRC") and Singapore) is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

The Company's wholly-owned subsidiary in Singapore is subject to Corporate Income Tax at a rate of 17% (30 June 2020: 17%).

The subsidiary in the PRC is subject to PRC Enterprise Income Tax at 25% (30 June 2020: 25%).

No Hong Kong profit tax/Singapore Corporate Income tax/PRC Enterprise Income tax has been provided because the Group incurred a loss for taxation purposes for the six months ended 30 June 2021 and 2020.

7. INTERIM DIVIDEND

The Board does not recommend payment of any dividend for the six months ended 30 June 2021 and 2020.

8. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share for the six months ended 30 June 2021 is based on the loss for the Period attributable to owners of the Company of approximately HK\$10,457,000 (30 June 2020: profit for the period attributable to owners of the Company of approximately HK\$28,031,000) and the weighted average number of shares of approximately 1,079,520,000 ordinary shares (30 June 2020: approximately 1,075,588,000 ordinary shares) in issue during the Period.

The weighted average number of ordinary shares for the purpose of basic (loss) earnings per share has been adjusted for rights issue that took place on 25 June 2021 (the "Rights Issue"). Comparative figures for the weighted average number of ordinary shares for the period ended 30 June 2020 have been adjusted retrospectively.

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

9. PLEDGED BANK DEPOSITS

As at 30 June 2021, the Group had pledged bank deposits amounting to approximately HK\$630,000 (31 December 2020: approximately HK\$755,000). At the end of the reporting period, bank guarantees of approximately HK\$512,000 (31 December 2020: approximately HK\$755,000) 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021



10. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Trade receivables		35,865	19,770
Loss allowances		(9,456)	(9,229)
	<i>(a)</i>	26,409	10,541
Other receivables			
Deposits	<i>(b)</i>	8,688	770
Prepayments		562	661
Other debtors	<i>(c)</i>	21,267	20,513
Due from securities brokers		11	11
Due from an associate	<i>(d)</i>	2,647	2,657
Loan receivable from a non-controlling interest of a subsidiary	<i>(e)</i>	12,836	12,622
		46,011	37,234
Loss allowances on other debtors, due from an associate and loan receivable from a non-controlling interest of a subsidiary		(35,822)	(35,432)
		10,189	1,802
Total trade and other receivables		36,598	12,343

Notes:

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

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Less than 1 month	24,815	8,963
1 to 3 months	498	409
More than 3 months but less than 12 months	260	312
More than 12 months	836	857
	26,409	10,541

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

10. TRADE AND OTHER RECEIVABLES *(continued)*

Notes: (continued)

- (b) Included in deposits as at 30 June 2021 was a deposit of approximately HK\$7,763,000 paid to vendor in respect of the acquisition of a property holding company (the “**Target Company**”), details of which are disclosed in the Company’s announcements dated 3 March 2021 and 5 July 2021 and circular dated 25 May 2021 respectively.
- (c) Included in other debtors as at 30 June 2021 was receivables in the aggregate amount of approximately HK\$11,146,000 (31 December 2020: approximately HK\$10,960,000) due from debtors of a PRC subsidiary. The other debtors receivables with carrying amounts of approximately RMB9,288,000 (equivalent to approximately HK\$11,146,000) (31 December 2020: approximately RMB9,288,000 (equivalent to approximately HK\$10,960,000)) were provided full loss allowance in the prior year after the management has considered the deterioration of financial position of those debtors and that the recoverability of these receivables is in doubt.

Included in other debtors as at 30 June 2021 was a receivable of approximately HK\$4,889,000 (31 December 2020: approximately HK\$4,889,000) in relation to a management fee income due from a public company, in which the former Director, Mr. Yeung has beneficial interests. The full loss allowances of approximately HK\$4,889,000 has been made in the prior year after the management has considered the deterioration of financial position of that debtor and that the recoverability of these receivables is in doubt.

Included in other debtors as at 30 June 2021 was a receivable of approximately HK\$4,304,000 (31 December 2020: approximately HK\$4,304,000) due from a third party which was arising from the proceeds from the disposal of financial assets at fair value through profit or loss in 2017. The full loss allowances of approximately HK\$4,304,000 have been made in the prior year after the management has considered the deterioration of financial position of that debtor and that the recoverability of these receivables is in doubt.

- (d) As at 30 June 2021, total amount due from an associate of approximately HK\$2,647,000 (31 December 2020: approximately HK\$2,657,000) of which HK\$1,000,000 (31 December 2020: HK\$1,000,000) was the consideration receivable from the disposal of assets of a business unit in 2017 and advance to that associate of approximately HK\$1,647,000 (31 December 2020: approximately HK\$1,657,000) was unsecured, interest-free, and repayable on demand. In 2019, the operations of such associate was closed due to unsatisfactory performance. In view of the deterioration of financial position of the associate, the management considers that the recoverability of these receivables of approximately HK\$2,647,000 is in doubt. The full loss allowances of approximately HK\$2,647,000 were made (31 December 2020: approximately HK\$2,657,000), where approximately HK\$10,000 was reversed during the Period.
- (e) As at 30 June 2021, loan and interest receivable of approximately RMB10,697,000 (equivalent to approximately HK\$12,836,000) (31 December 2020: approximately RMB10,697,000 (equivalent to approximately HK\$12,622,000)) from Mr. Song Xiaodong, a non-controlling shareholder of a subsidiary is unsecured, interest-bearing at the fixed rate of 4.35% per annum and repayable in December 2020 (31 December 2020: unsecured, interest-bearing at the fixed rate of 4.35% per annum and repayable in December 2020). The full loss allowances of approximately RMB10,697,000 (equivalent to approximately HK\$12,836,000) (31 December 2020: approximately RMB10,697,000 (equivalent to approximately HK\$12,622,000)) were made in the prior year after the management has considered the deterioration of financial position of that debtor and that the recoverability of these receivables is in doubt.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021



11. TRADE AND OTHER PAYABLES

	<i>Notes</i>	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Trade payables	<i>(a)</i>	5,469	7,277
Other payables			
Accrued charges and other creditors		33,433	20,364
Contract liabilities		2,268	1,134
Deposit received		100	100
Deposit received for disposal of subsidiary	<i>(b)</i>	–	28,025
Due to former directors	<i>(c)</i>	–	12,833
Loans from directors	<i>(d)(i)</i>	–	15,710
Loans from former directors	<i>(d)(ii)</i>	5,710	–
		41,511	78,166
Total trade and other payables		46,980	85,443

Notes:

- (a) Included in trade payables are trade creditors with the following ageing analysis by invoice date:

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Less than 1 month	2,617	4,158
1 to 3 months	903	1,066
More than 3 months but less than 12 months	557	692
More than 12 months	1,392	1,361
	5,469	7,277

- (b) The disposal of a subsidiary was completed during the Period, details of which are set out in note 15 to these condensed consolidated financial statements, the Company's announcements dated 20 November 2020 and 19 March 2021 and the circular dated 24 February 2021 respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

11. TRADE AND OTHER PAYABLES (continued)

Notes: (continued)

- (c) The amount due to former Director Mr. Yeung represented the remaining balance of consideration received from the disposal of 5,700,000 ordinary shares of SingAsia Holdings Limited (Stock Code: 8293) (the “**SingAsia Shares**”) on 9 June 2017, which was finally not approved at the special general meeting of the Company held on 29 December 2017.

As at 31 December 2017, the total amount of approximately HK\$41,552,000 received from Mr. Yeung was accounted for as “other payables” and the 5,700,000 SingAsia Shares held by Mr. Yeung on behalf of the Group carried at a fair value of approximately HK\$101,802,000 are classified as “financial assets at FVTPL”.

In March 2018, the 5,700,000 SingAsia Shares were sub-divided into 28,500,000 shares after sub-division of the issued share capital of SingAsia Holdings Limited (the “**Sub-divided SingAsia Shares**”), of which 20,000,000 Sub-divided SingAsia Shares were returned to the Group by Mr. Yeung in exchange of consideration of approximately HK\$29,159,000 previously received by the Group.

As at 31 December 2020, 8,500,000 Sub-divided SingAsia Shares were held by Mr. Yeung and the related balance of consideration received of approximately HK\$12,393,000 was accounted for as “due to former directors”. As disclosed in the announcement of the Company dated 12 March 2019, in view of the prolonged period of delay in the settlement of the remaining Sub-divided SingAsia Shares by Mr. Yeung, the Company had, through its solicitors, issued the Writ of Summons to commence legal proceedings against Mr. Yeung on 12 March 2019 to demand for, among others, damages for breach of contract, which may include the fair value losses in the Sub-divided SingAsia Shares in view of the drop in the price of Sub-divided SingAsia Shares. As at the date of this interim report, the parties to the legal proceedings are in the process of exchange of pleadings for the legal action. The amount of approximately HK\$12,393,000 due to Mr. Yeung as mentioned above was written back as other income on the basis that the Company has been advised by its legal counsel that the chances that Mr. Yeung will be able to compel the Group to make such payment is relatively low.

On 21 April 2021, a bankruptcy order was made against Mr. Yeung by the High Court of Hong Kong.

- (d) (i) As at 31 December 2020, the Group has outstanding loans from (a) 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; and (b) Mr. Cheung Siu Fai (“**Mr. Cheung**”) of HK\$10,000,000, which is unsecured, unguaranteed, interest-bearing at 12% per annum and repayable on demand. As at 30 June 2021, the amounts due to Mr. Cheung were repaid in full by the Company with part of the net proceeds from the Rights Issue.
- (ii) During the Period, Mr. Zhao and Mr. Frankie Cheung were removed as Directors at the annual general meeting of the Company on 31 May 2021 after the ordinary resolutions were duly passed by shareholders of the Company. Therefore, the said loans described above in Note 11(d)(i) in the aggregate amount of approximately HK\$5,710,000 has been reclassified as “Loans from former directors”.

12. BORROWINGS

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Other loan (Note)	5,000	–
Other loan with a repayment on demand clause is repayable: More than two years, but not exceeding five years	5,000	–

Note:

On 7 December 2020, the Group obtained new loan facility with a limit of HK\$80,000,000 from a licensed money lending company, of which the Group has utilised an amount of HK\$5,000,000 as at 30 June 2021. The loan with a demand clause is unsecured, unguaranteed, interest-bearing at 1.25% to 4% per month and repayable on 18 July 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021



13. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2020, 31 December 2020, 1 January 2021, and 30 June 2021	12,000,000,000	120,000
Issued and fully paid:		
At 1 January 2020, 31 December 2020, and 1 January 2021	1,050,280,000	10,503
Issue of new shares under Rights Issue (<i>Note</i>)	262,570,000	2,625
At 30 June 2021	1,312,850,000	13,128

Note:

In June 2021, the Company allotted 262,570,000 new ordinary shares on the basis of one (1) rights share (the "Rights Share(s)") 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 Rights Issue are disclosed in the Company's announcements dated 11 May 2021 and 24 June 2021 and prospectus dated 2 June 2021 respectively.

14. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these condensed consolidated financial statements, during the Period, the Group had the following transactions with related parties:

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Nature of transactions		
Interest income from loan receivable from non-controlling interest of a subsidiary	–	243
Interest expenses on loan from a director	595	–

(b) Details of the balance with related parties at 30 June 2021 and 31 December 2020 are set out in notes 10(d), 10(e) and 11(d) to these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

15. DISPOSAL OF A SUBSIDIARY

On 19 March 2021, the Company completed the disposal of 100% equity interest in B&R Investment Holding Limited (“**B&R Investment**”) for a consideration of RMB47,500,000 (equivalent to approximately HK\$56,288,000) (the “**Disposal of B&R Investment**”). The loss arising from the disposal was calculated as follows:

Analysis of assets and liabilities over which control was lost:

	HK\$'000
Investments in associates	59,584
Other receivables	28
Bank balances and cash	51
Other payables	(166)
Net assets disposed of	59,497
Loss on disposal of a subsidiary:	
Consideration received	56,288
Release of exchange reserve	(2,753)
Net assets disposed of	(59,497)
Loss on disposal	(5,962)
Net cash inflow arising on disposal:	
Cash consideration received	56,288
Cash consideration received in 2020	(28,025)
Less: bank balances and cash disposed of	(51)
	28,212

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30 June 2021

16. 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)
As at 30 June 2021				
Designated FVTOCI				
Unlisted equity securities	–	–	2,037	2,037
Financial assets at FVTPL				
Equity investments listed in Hong Kong	176	–	–	176
	Level 1 HK\$'000 (Audited)	Level 2 HK\$'000 (Audited)	Level 3 HK\$'000 (Audited)	Total HK\$'000 (Audited)
As at 31 December 2020				
Designated FVTOCI				
Unlisted equity securities	–	–	2,123	2,123
Financial assets at FVTPL				
Equity investments listed in Hong Kong	896	–	–	896

During the Period and the year ended 31 December 2020, 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 2021

16. FAIR VALUE MEASUREMENTS *(continued)*

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

Description	Fair value at 30 June 2021 HK\$'000 (Unaudited)	Fair value at 31 December 2020 HK\$'000 (Audited)	Fair value Hierarchy	Valuation techniques
Assets				
Financial assets at FVTPL				
– Equity investments listed in Hong Kong	176	896	Level 1	Quoted bid prices in an active market
Designated FVTOCI				
– Unlisted equity securities	2,037	2,123	Level 3	Net asset value as reported by management of investee company

(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 2021 and 31 December 2020.

17. CAPITAL COMMITMENTS

- (a) As mentioned in the Company's announcement dated 3 March 2021 and the circular dated 25 May 2021, the Company entered into a provisional agreement during the Period regarding the purchase of the Target Company. During the Period, the Company has aggregately paid approximately HK\$7,763,000 as deposits for the purchase of the Target Company as per the provisional agreement. As at 30 June 2021, the Company had a capital commitment of approximately HK\$43,987,000, which represented the unpaid balance of consideration for the purchase of the Target Company. The Company has exercised its right to defer the completion of the purchase of the Target Company.
- (b) As at 31 December 2020, the Company had a capital commitment of RMB70,000,000 (equivalent to HK\$82,600,000) for capital injection into an associate of B&R Investment. During the Period, the Group has disposed of 100% equity interest in B&R Investment and its associates, and therefore the capital commitment has been released upon the completion of disposal.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021



18. EVENT AFTER REPORTING PERIOD

Major transaction in relation to the acquisition of a target company

As described in the Company's announcements dated 3 March 2021 and 5 July 2021 and the circular dated 25 May 2021 respectively, the Company and the vendor entered into a provisional agreement pursuant to which the Company has conditionally agreed to buy and the vendor has conditionally agreed to sell the entire issued share capital of the Target Company and the sale loan for an aggregate consideration of HK\$51,750,000, subject to adjustments, which is payable in cash and the Company exercised its right to defer the completion of acquisition. As of the date of issue of these condensed consolidated financial statements, the transaction has not yet been completed.

19. COMPARATIVE FIGURES

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

OVERVIEW

Despite the prolonged Coronavirus Disease 2019 ("COVID-19") pandemic during the Period, the Group managed to grow its revenue by approximately 69.3% to approximately HK\$68.4 million compared to approximately HK\$40.4 million for the same period last year. The growth in revenue during the Period was mainly contributed by the segment of telecommunication services.

Earnings of the Group during the Period and the same period last year were, respectively, impacted by certain one-off items, including:

- during the first 6 months in 2020, the Group recorded an other income of approximately HK\$37.2 million for the loss claim against the vendor of Diamond Frontier Investments Limited (a wholly-owned subsidiary of the Company);
- during the Period, the Group recorded an other income of approximately HK\$12.4 million in respect of the reversal of an amount due to a former Director, Mr. Yeung, which represented the remaining balance of consideration payable for the purchase of 8,500,000 Sub-divided SingAsia Shares; and
- during the Period, the Group recorded a loss of approximately HK\$6.0 million (after including exchange losses) on disposal of the entire issued share capital of B&R Investment (a former wholly-owned subsidiary of the Company), which was disclosed in the Company's announcements dated 20 November 2020 and 19 March 2021 and circular dated 24 February 2021 respectively, and such disposal was completed during the Period.

During the Period, the Company recorded a loss attributable to owners of the Company of approximately HK\$10.5 million as compared to profit of approximately HK\$28.0 million for the same period last year.

TELECOM BUSINESS

Total revenue recorded by the telecom business, which comprises the voice telecommunications and related information technology businesses in Singapore and Hong Kong (the "Telecom Business"), was approximately HK\$68.3 million, representing an increase of approximately 69.1% compared to approximately HK\$40.4 million for the same period last year, mainly attributable to the increase in revenue of the wholesale voice telecommunications segment of the Telecom Business. During the Period, the Group was able to expand its wholesale business segment in Singapore following the successful migration from its legacy in-house switching facility to a more robust third-party cloud-based switching platform. This new platform provides, among other benefits, improved efficiency in on-boarding new customers and suppliers, flexibility in adjusting prices to respond to market changes, and also a reduction in its fixed operating costs. The Group will continue to sustain the Telecom Business by regularly refining its operating and pricing strategies to adapt to the ever-changing market.

IT AND DISTRIBUTION BUSINESS

As stated in the interim report of the Company for the six months ended 30 June 2020, there was no revenue generated from the information technology and distribution business in the PRC (the "IT and Distribution Business in the PRC") due to the impact of the COVID-19 that significantly slowed down the business operation. The challenging and uncertain situation continued during the first half of 2021 as a result of which, this segment did not contribute any revenue for the Group during the Period.

The Group has made effort to develop its information technology business in Hong Kong (the "IT Business in Hong Kong"). During the Period, the Group has started to record revenue from the IT Business in Hong Kong by providing 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, to its corporate clients.



IT AND DISTRIBUTION BUSINESS *(continued)*

At the date of this report, Hangzhou Susong Technology Company Limited* (杭州蘇頌科技有限公司) (“**Hangzhou Susong**”), an indirect non-wholly owned subsidiary of the Company, has not recovered the 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. The Group is also taking action to recover other overdue receivables recorded by Hangzhou Susong, including the appointment of a law firm in the PRC to take appropriate legal actions and the application to Zhejiang Province Hangzhou Intermediate People’s Court* (浙江省杭州市中級人民法院) for preservation of assets and evidence. The case has been accepted by the court and will be scheduled for trials. 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, and facing increasingly challenging and uncertain business environment, the Group does not see any substantial improvement in this segment in the near future.

* for identification purposes only

PROPERTY DEVELOPMENT AND TOURISM BUSINESS

During the Period, the Group continued its effort to rationalise the business and dispose of some of the non-performing business. As mentioned in the Company’s announcement dated 20 November 2020 and circular dated 24 February 2021, the Company entered into a sale and purchase agreement in relation to the Disposal of B&R Investment, which was completed on 19 March 2021. The Group may not continue its investment in tourism business following the Disposal of B&R Investment as no revenue has ever been generated from this segment.

OUTLOOK

As the COVID-19 pandemic is yet to be resolved, the business and operation environments of the Group will remain challenging and uncertain in 2021. Looking ahead, the operating environment is envisaged to remain challenging as the coronavirus variants are causing a rebound in cases in several major economies in the world. Many countries are in consideration of further tightening the cross-boundary control measures that will restrict social and economic activities. With the availability of vaccines, it is hoped that COVID-19 will in due course no longer be a critical health risk. We look forward to a speedy recovery of the local and global economy. However, the emerging variants including the Delta variants may continue to spread out. Preventive measures such as social distancing are expected to be in force that pose an obstacle to the full recovery of the global economy.

In view of the uncertainties about the extent and continuity of the pandemic, our Directors will closely monitor the economic change, maintain a prudent and stable strategy and react proactively to the challenges and opportunities ahead.

As market competition in the Telecom Business remains intense, particularly in the retail segment, the Group will take a cautious approach in managing its expenditure and capital commitments. It will continue to rationalise its business processes in order to improve its operating margins and also keep up its business development efforts utilising its currently available resources. The Telecom Business is anticipated to capitalise on the newly commissioned cloud-based switching platform that enables its wholesale business to expand on a more variable cost basis and also deliver improvement in gross margin as the traffic volume increases to optimal levels.

At the same time, the Group continues its business development endeavours within the regions in the Telecom Business and IT and Distribution Business sectors to complement its existing businesses and beyond. 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.

OUTLOOK *(continued)*

The Group also looked at possibilities to supplement its profit through other investments, including income generating investment properties. During the Period, the Company entered into a provisional agreement with a vendor pursuant to which the Company has conditionally agreed to buy and the vendor has conditionally agreed to sell the entire issued shares of the Target Company and the sale loan for an aggregate consideration of HK\$51,750,000, subject to adjustments. The Target Company is a company incorporated in Hong Kong with limited liability and principally engaged in property holding and property leasing business. Its principal asset is an industrial property with a gross area of approximately 5,430 square feet (the "**Property**"). As disclosed in the Company's announcement 5 July 2021, the Company has exercised its right to defer the completion from 5 July 2021 to 3 September 2021. The Directors believe that the proposed acquisition presents a good opportunity for the Group to generate stable income from the Property in the near future and the Group may also benefit from any long-term capital appreciation of the Property.



REVENUE AND RESULTS

The Group's revenue for the Period increased by approximately 69.3% to approximately HK\$68.4 million, from approximately HK\$40.4 million for the same period last year. The increase is mainly attributable to the continuing expansion of wholesale voice telecommunications segment of the Telecom Business.

The gross profit for the Period decreased by approximately 25.8% to approximately HK\$2.3 million, from approximately HK\$3.1 million for the same period last year. The overall gross profit margin of the Group for the Period decreased to approximately 3.4% from approximately 7.7% for the same period last year. The decrease in gross profit and gross profit margin was mainly due to the attrition of higher-margin retail customers, which gross profit contribution was partly compensated by the Group's wholesale voice telecommunications segment of the Telecom Business which has a lower gross profit margin.

Other income for the Period decreased by approximately 65.6% to approximately HK\$13.2 million, from approximately HK\$38.4 million for the same period last year. The decrease was mainly due to the absence of other income of approximately HK\$37.2 million which was incurred during the same period last year for the loss claim against the vendor of Diamond Frontier Investments Limited, a wholly-owned subsidiary of the Company, offset by the recognition of other income of approximately HK\$12.4 million in respect of the reversal of an amount due to a former Director, Mr. Yeung, which represented the remaining balance of consideration payable for the purchase of the Sub-divided SingAsia Shares.

Total operation and administrative expenses increased by approximately 44.8% to approximately HK\$18.1 million, from approximately HK\$12.5 million for the same period last year, mainly due to the increase in legal and professional fees of approximately HK\$3.4 million incurred from various corporate actions and transactions carried out by the Group during the Period and the increase in staff costs for managerial and administrative staff.

Loss on disposal of a subsidiary mainly represented the loss of approximately HK\$6.0 million (after including exchange losses) on the Disposal of B&R Investment, which was disclosed in the Company's announcements dated 20 November 2020 and 19 March 2021 and circular dated 24 February 2021 respectively and was completed during the Period. There was no gain/loss on disposal of any subsidiary during the same period last year.

The loss attributable to owners of the Company for the Period amounted to approximately HK\$10.5 million, compared to a profit of approximately HK\$28.0 million for the same period last year. The decline was mainly due to absence of other income of approximately HK\$37.2 million for the loss claim against the vendor of Diamond Frontier Investments Limited which was incurred during the same period last year.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCING

As at 30 June 2021, the net assets of the Group amounted to approximately HK\$53.0 million compared to approximately HK\$21.5 million as at 31 December 2020. The increase in net assets was mainly due to the net proceeds from the Rights Issue.

The Group generally finances its operations with borrowings and internally generated resources. On 25 June 2021, the Company completed the Rights Issue at a 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 (i.e. 31 May 2021). Details of the Rights Issue are set out in the Company's announcements dated 11 May 2021 and 24 June 2021 and the Company's prospectus dated 2 June 2021 respectively. The gross proceeds from the Rights Issue were approximately HK\$39.4 million before deducting professional fees and other expenses, approximately HK\$21.0 million of which have been earmarked for the repayment of loans and borrowings of the Group.

Bank balances and cash (excluding pledged bank deposits) amounted to approximately HK\$66.7 million as at 30 June 2021 (31 December 2020: approximately HK\$33.2 million). The increase was mainly attributable to the net effect of (i) the cash inflows of approximately HK\$38.0 million from the net proceeds of Rights Issue; (ii) the drawdown of a loan of HK\$5.0 million from a licensed money lending company; offset by (iii) the repayment of loan and interests accrued thereon from a Director of approximately HK\$10.6 million.

As at 30 June 2021, approximately HK\$0.6 million (31 December 2020: approximately HK\$0.8 million) was pledged as bank deposits. In addition, bank guarantees of approximately HK\$0.5 million as at 30 June 2021 (31 December 2020: approximately HK\$0.8 million) were issued to suppliers for operations requirements.

As at 30 June 2021, the Group has unsecured other borrowings of HK\$5.0 million (31 December 2020: nil) from an independent third party. The effective interest rate of the unsecured other borrowings is approximately 15.0% per annum for the Period (31 December 2020: nil).

As at 30 June 2021, the Group had loans from two former Directors of approximately HK\$5.7 million (31 December 2020: loans from Directors of approximately HK\$15.7 million), the loans from two former Directors are unsecured, unguaranteed and interest-free.

As at 30 June 2021, the Group had lease liabilities of approximately HK\$1.2 million (31 December 2020: approximately HK\$1.6 million).

As at 30 June 2021, the Group's gearing ratio, measured on the basis of total borrowings including other borrowings, loans from Directors and former Directors and lease liabilities as a percentage of net assets was approximately 22.5% (31 December 2020: approximately 80.5%). The improved gearing ratio mainly attributable to the increase in net assets of the Group as a result of the Rights Issue.

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, Hong Kong dollar and Renminbi and will, whenever appropriate, take appropriate action to mitigate such exchange risks. As at 30 June 2021, no related currency hedges had been undertaken by the Group.

CAPITAL COMMITMENTS

As mentioned in the Company's announcement and circular dated 3 March 2021 and 25 May 2021 respectively, the Company entered into a provisional agreement during the Period regarding the purchase of the Target Company. The Target Company is a company incorporated in Hong Kong with limited liability and principally engaged in property holding and property leasing business.

During the Period, the Company has aggregately paid HK\$7,762,500 as deposits for the purchase of the Target Company as per the provisional agreement. As at 30 June 2021, the Company had a capital commitment of approximately HK\$43,987,500, which represented the unpaid balance of consideration for the purchase of the Target Company. The Company has exercised its right to defer the completion of the purchase of the Target Company from 5 July 2021 to 3 September 2021 (31 December 2020: RMB70,000,000 equivalent to HK\$82,600,000 in respect of its capital commitment for capital injection).

CONTINGENT LIABILITIES

As at 30 June 2021, the Group had no material contingent liabilities (31 December 2020: nil).

MATERIAL ACQUISITIONS AND DISPOSAL

Save as aforementioned the completion of the Disposal of B&R Investment on 19 March 2021 and the purchase of the Target Company, the Group had no other material acquisitions or disposals of subsidiaries, associates or joint ventures during the Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, the interests and short positions of the Directors and the chief executive 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 [#] interested	Approximate percentage of shareholding
Cheung Siu Fai	Interest of a controlled corporation	776,889,700 (Note 1)	59.18% (Note 2)

[#] "Shares" means ordinary shares of HK\$0.01 each in the share capital of the Company.

Note 1: The 776,889,700 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.

Note 2: The percentage of shareholding was calculated based on 1,312,850,000 Shares, being the total issued share capital of the Company as at 30 June 2021.

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 executive of the Company as at 30 June 2021.

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 3: 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.

Save as disclosed above, as at 30 June 2021, none of the Directors or the chief executive 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 were 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 were recorded in the register required to be kept under section 352 of the SFO or 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 2021, the interests and short positions of the persons, other than the Directors or the chief executive of the Company, 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 were as follows:

Name of shareholder	Capacity	Number of Shares [#] interested	Approximate percentage of shareholding
Beta Dynamic Limited	Beneficial owner	776,889,700 (Note 1)	59.18% (Note 2)

[#] "Shares" means ordinary shares of HK\$0.01 each in the share capital of the Company.

Note 1: The 776,889,700 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.

Note 2: The percentage of shareholding was calculated based on 1,312,850,000 Shares, being the total issued share capital of the Company as at 30 June 2021.

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

Save as disclosed above, as at 30 June 2021, no other person, other than the Directors and the chief executive of the Company, had any interests or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO or otherwise notified to the Company.

RIGHTS ISSUE IN 2021

To reduce the financial indebtedness and improve the liquidity of the Group, on 11 May 2021, the Company announced the proposed Rights Issue of up to 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. Based on the closing price of HK\$0.185 per share as quoted on the website of the Stock Exchange on 11 May 2021, the market value of the 262,570,000 Rights Shares was HK\$48,575,450. On 25 June 2021, the Rights Issue completed and an aggregate of 262,570,000 Rights Shares (with an aggregate nominal value of HK\$2,625,700) were issued by the Company to the relevant shareholders. Details of the Rights Issue are set out in the Company's announcements dated 11 May 2021 and 24 June 2021, and the Company's prospectus dated 2 June 2021 respectively.

Upon completion of the Rights Issue on 25 June 2021, the Company received net cash proceeds of approximately HK\$38.0 million (the "Net Proceeds"). The net subscription price is approximately HK\$0.145 per Rights Share. The intended use and actual use of the Net Proceeds are set out below:

Breakdown	Intended	Actual use of	Remaining	Progress
	use of Net	Net Proceeds as		
	Proceeds	at the date of		
	HK\$'million	this report	HK\$'million	
	(approximately)	(approximately)	(approximately)	
Repayment of loans and borrowings of the Group:				
– owing to Mr. Cheung	10.2 (note 1)	10.2	–	
– owing to a licensed money lending company which is an independent third party	5.1 (note 2)	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	2.2	14.8	To be used as intended by April 2022.
	38.0	17.5	20.5	

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.



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 maximum number of share options which can be granted under the Share Option Scheme is 105,028,000, representing 10% and 8% of the issued shares of the Company as at the date of the adoption of the Share Option Scheme and the date of this report respectively. 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. Save as disclosed 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 and Corporate Governance Report (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules.

Under Code Provision A.2.1 of the CG 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 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 Chief Executive Officer 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 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 are performed by two separate individuals.

Pursuant to Code Provision A.4.2 of the CG Code, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Bye-law 86(2) of the Bye-laws of the Company stipulates that any director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office until the next annual general meeting of the Company and shall then be eligible for re-election at that meeting. Mr. Hui Chun Wai Henry was appointed as an executive Director with effect from 2 March 2021 and Mr. Chow Hiu Tung and Mr. Cheung Sze Ming were appointed as independent non-executive Directors with effect from 12 March 2021. Instead of retiring and offering themselves for re-election at the special general meeting of the Company held on 17 March 2021 (the “**SGM**”), these newly appointed Directors retired and offered themselves for re-election in accordance with Bye-law 86(2) of the Bye-laws of the Company at the annual general meeting of the Company held on 31 May 2021 (the “**AGM**”).

Pursuant to Code Provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should also attend general meetings to gain and develop a balanced understanding of the views of shareholders. None of the non-executive Directors attended the SGM and the AGM because Mr. Zhao Ruiyong and Mr. Cheung Ka Heng Frankie, being the then non-executive Directors, were no longer involved in the affairs of the Company at the time. None of the independent non-executive Directors attended the SGM because all of Mr. Fong Wai Ho, Mr. Chow Hiu Tung and Mr. Cheung Sze Ming had other business engagements. All independent non-executive Directors attended the AGM.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding Directors’ transactions in securities of the Company. All Directors have confirmed, following specific enquiries made by the Company, that they have fully complied with the required standards set out in the Model Code throughout the Period in relation to their securities dealings, if any.

INTERIM DIVIDEND

The Board resolved not to declare the payment of an interim dividend for the Period (30 June 2020: nil).

ASSET CHARGES

The Group had no material asset charges as at 30 June 2021 (31 December 2020: nil).

REVIEW OF INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated 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

Details of the important events affecting the Group which have occurred since the end of the Period are set out in note 18 to the Interim Financial Statements.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors subsequent to the date of the annual report of the Company for the year ended 31 December 2020 are as follows:

- (a) Mr. Cheung Siu Fai, an executive Director, has been appointed as an executive director and the chief executive officer of CT Environmental Group Limited (the shares of which are listed and traded on the Stock Exchange with Stock Code: 1363) with effect from 19 April 2021; and
- (b) Mr. Hui Chun Wai Henry has resigned from Hammer Capital Asset Management Limited with effect from 30 June 2021.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2021, the Group had 23 (31 December 2020: 24) employees in the PRC, Hong Kong and Singapore and its total staff costs for the Period were approximately HK\$10.1 million (30 June 2020: approximately HK\$7.6 million).

The Group's remuneration policies and structure have remained unchanged since the date of the 2020 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 32 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 "The Company's Mission and Vision on Sustainability Commitment" section of the Company's separate 2020 environmental, social and governance report as issued and published on 23 July 2021.



CHANGE OF COMPANY NAME

With effect from 11 June 2021, the English name and the Chinese secondary name of the Company have been changed from “Great Wall Belt & Road Holdings Limited” and “長城一帶一路控股有限公司” to “Great Wall Terroir Holdings Limited” and “長城天下控股有限公司” respectively (the “**Change of Company Name**”).

The Change of Company Name was approved by shareholders of the Company at the AGM held on 31 May 2021. The Certificate of Change of Name and the Certificate of Secondary Name were issued by the Registrar of Companies in Bermuda on 11 June 2021. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 13 July 2021 confirming the registration of the new name of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The stock short names of the Company for trading in the shares of the Company on the Stock Exchange were changed from “GREAT WALL B&R” to “GW TERROIR” in English and from “長城一帶一路” to “長城天下” in Chinese with effect from 29 July 2021.

The Board believes that the new company name will provide the Company with a fresh corporate image which can benefit the future business development of the Company.

By Order of the Board

Cheung Siu Fai

Chairman and Executive Director

Hong Kong, 26 August 2021