

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CHANGE IN USE OF NET PROCEEDS FROM RIGHTS ISSUE

Reference is made to the prospectus of Great Wall Terroir Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 2 June 2021 (the “**Prospectus**”) and the announcements of the Company dated 11 May 2021 and 24 June 2021 (the “**Announcements**”) in relation to a rights issue of the Company 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 of the Company on the record date of 31 May 2021 (the “**May 2021 Rights Issue**”) and the annual report of the Company for the year ended 31 December 2022 (the “**2022 Annual Report**”).

Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus, the Announcements and the 2022 Annual Report.

PROPOSED USE OF NET PROCEEDS

On 25 June 2021, the Company completed the May 2021 Rights Issue. The net proceeds from the May 2021 Rights Issue after deduction of professional fees and other relevant expenses amounted to approximately HK\$38.0 million (the “**Net Proceeds**”).

As disclosed in the Prospectus, the Company intended to apply the Net Proceeds in the following manner:

- (a) approximately HK\$21 million towards repayment of loans and borrowings of the Group as soon as practicable after completion of the May 2021 Rights Issue. Such loans and borrowings include outstanding loan in the principal amount of HK\$10,000,000 from executive Director Mr. Cheung Siu Fai and interests accrued thereon at 12% per annum, outstanding interest-free loans in the principal amount of HK\$3,333,000 and HK\$2,378,000 owing to Mr. Cheung Ka Heng Frankie and Mr. Zhao Ruiyong respectively, former non-executive Directors (the “**Former non-executive Directors**”), and outstanding loan from Integrated Capital (Asia) Limited, an independent third party, in the principal amount of HK\$5,000,000 and interests accrued thereon at 15% per annum. The loans from Directors and former Directors are repayable on demand and the loan from independent third party lender is repayable in July 2023, early repayment of which will save interest expense for the Company;
- (b) the remainder of approximately HK\$17.0 million towards general working capital of the Group for up to 10 months following completion of the May 2021 Rights Issue, including operating and administrative expenses, salary expenses and rental expenses.

CHANGE IN USE OF NET PROCEEDS

As disclosed in the 2022 Annual Report, as at 31 December 2022, the Group had utilised approximately HK\$32.3 million, representing approximately 85% of the Net Proceeds; the remaining balance of the Net Proceeds was approximately HK\$5.7 million, which was earmarked for the repayment of the interest-free amounts of approximately HK\$5.7 million in aggregate owing to the Former non-executive Directors and have been set aside pending the resolution of matters between the Group and those two Former non-executive Directors.

On 27 April 2023, the board (the “**Board**”) of Directors resolved to change the proposed use of the remaining balance of the Net Proceeds of approximately HK\$5.7 million and redesignated such fund for general working capital purpose.

Details of the original allocation of the Net Proceeds, revised allocation of the Net Proceeds, utilised Net Proceeds as at 31 March 2023 and unutilised Net Proceeds as at 31 March 2023 are set out as follows:

	Original allocation of the Net Proceeds <i>HK\$'million</i> <i>(approximately)</i>	Revised allocation of the Net Proceeds <i>HK\$'million</i> <i>(approximately)</i>	Utilised Net Proceeds as at 31 March 2023 <i>HK\$'million</i> <i>(approximately)</i>	Unutilised Net Proceeds as at 31 March 2023 <i>HK\$'million</i> <i>(approximately)</i>
Repayment of loans and borrowings of the Group:				
– owing to Mr. Cheung Siu Fai	10.2	10.2	10.2	–
– owing to a licensed money lending company which is an independent third party	5.1	5.1	5.1	–
– owing to Mr. Cheung Ka Heng Frankie	3.3	–	–	–
– owing to Mr. Zhao Ruiyong	2.4	–	–	–
General working capital, including operating and administrative expenses, salary and rental expenses	17.0	22.7	17.0	5.7
	<u>38.0</u>	<u>38.0</u>	<u>32.3</u>	<u>5.7</u>

REASONS FOR CHANGE IN USE OF NET PROCEEDS

The Board consider that, while the matters between the Group and the Former non-executive Directors remain outstanding as at the date of this announcement and it is uncertain when they can be finally resolved, to set aside HK\$5.7 million of the Net Proceeds indefinitely in relation to the repayment of the loans allegedly owing to the Former non-executive Directors will result in the Company's fund being unnecessarily left idle. Hence the Board has resolved to reallocate such fund to general working capital of the Group to facilitate a more efficient use of the Company's financial resources.

In view of the above, the Board believes that the reallocation of the Net Proceeds is in the best interest of the Company and the Shareholders as a whole. The aforementioned change in the use of the Net Proceeds will not have any material adverse effect on the existing business and operations of the Group. Save as disclosed in this announcement, there are no other changes in the use of the Net Proceeds.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 28 April 2023

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