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WALNUT CAPITAL LIMITED
胡桃資本有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 905)

2022 INTERIM RESULTS ANNOUNCEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of Walnut Capital Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2022 together with comparative figures for the corresponding period in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	3	757	959
Other income	5	90	–
(Loss)/gain arising on change in fair value of financial assets at fair value through profit or loss		(33,984)	45,071
Administrative expenses and other operating expenses		(9,654)	(10,322)
Finance costs	6	(391)	(559)
(Loss)/profit before income tax	7	(43,182)	35,149
Income tax expense	8	–	–
(Loss)/profit for the period attributable to owners of the Company		(43,182)	35,149
Total comprehensive (loss)/income for the period attributable to owners of the Company		(43,182)	35,149
(Loss)/earnings per share	9		
Basic and diluted (<i>HK cents</i>)		(6.17)	5.02

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

		30 June	31 December
		2022	2021
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		241	262
Intangible assets		7,135	7,135
		7,376	7,397
Current assets			
Prepayments		322	528
Other receivables		5	232
Deposits paid		772	772
Financial assets at fair value through profit or loss	<i>11</i>	183,343	238,818
Cash and cash equivalents		3,754	2,371
		188,196	242,721
Current liabilities			
Accruals and other payables		14,541	25,905
Other financial liability		10,000	10,000
– non-convertible bond		10,000	10,000
		24,541	35,905
Net current assets		163,655	206,816
Net assets		171,031	214,213

	30 June	31 December
	2022	2021
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
EQUITY		
Capital and reserves attributable to owners of the Company		
Share capital	7,003	7,003
Reserves	<u>164,028</u>	<u>207,210</u>
Total equity	<u>171,031</u>	<u>214,213</u>
Net asset value per share (HK\$)	<u>0.24</u>	<u>0.31</u>

NOTES

For the six months ended 30 June 2022

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands and continued in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the Company’s registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. Its principal place of business is situated at Unit 3107, 31/F, Shun Tak Centre, West Tower, 168–200 Connaught Road Central, Hong Kong.

The principal activities of the Group are investing in listed and unlisted equity and debt securities and investment funds.

The unaudited condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange.

The unaudited condensed consolidated financial statements is presented in Hong Kong dollar and all values are rounded to the nearest thousand (“**HK\$’000**”) except when otherwise indicated.

The directors of the Company have, at the time of approving the unaudited condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the unaudited condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

Amendments to HKFRSs that are mandatorily effective for the current year

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

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

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

3. REVENUE

	Six months ended 30 June	
	2022	2021
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(Unaudited)	(Unaudited)
Dividend income	757	374
Interest income	–	585
	<u>757</u>	<u>959</u>

4. SEGMENT INFORMATION

The chief operating decision-maker (the “CODM”) has been identified as the Company’s executive directors. The Group’s principal activities are investments in listed and unlisted equity and debt securities and investment funds. The CODM regards it as a single business segment and no segment information is presented.

5. OTHER INCOME

	Six months ended 30 June	
	2022	2021
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(Unaudited)	(Unaudited)
Government grant	<u>90</u>	<u>–</u>
	<u>90</u>	<u>–</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(Unaudited)	(Unaudited)
Interest on:		
Other financial liability		
– non-convertible bond	99	120
Lease liabilities	–	54
Other interest expenses to financial institutions	<u>292</u>	<u>385</u>
	<u>391</u>	<u>559</u>

7. (LOSS)/PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/profit before income tax is arrived at after charging:		
Depreciation of property, plant and equipment	51	686
Depreciation of right-of-use assets	–	1,732
Directors' remuneration	4,559	3,435
Staff costs	1,758	1,733
Net foreign exchange loss	39	89
Expenses relating to short-term leases	1,512	13

8. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2022 and 30 June 2021 as the Group had no assessable profit arising in or derived from Hong Kong or the taxable profits was wholly absorbed by estimated tax losses brought forward from prior years.

9. (LOSS)/EARNINGS PER SHARE

The computations of basic and diluted (loss)/earnings per share attributable to owners of the Company are based on the following data:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/profit		
(Loss)/profit for the purpose of basic and diluted (loss)/earnings per share ((loss)/profit for the period attributable to owners of the Company)	(43,182)	35,149

	Six months ended 30 June	
	2022	2021
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	700,334	700,334

The Company did not have any potential dilutive shares throughout the six months ended 30 June 2022 and 2021. Accordingly, diluted earnings per share is the same as basic earnings per share.

10. INTERIM DIVIDEND

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period (six months ended 30 June 2021: Nil).

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Derivative financial instruments listed in Hong Kong, at fair value	–	648
Listed equity and debt securities		
– Equity and debt securities in Hong Kong, at fair value	137,356	173,874
– Equity and debt securities outside Hong Kong, at fair value	6,800	18,770
	144,156	193,292
Unlisted equity and debt securities	34,944	37,005
Unlisted investment funds	4,243	8,521
	183,343	238,818

12. INVESTMENT

Pursuant to the requirements stipulated in Chapter 21.12 of the Listing Rules, the Group discloses its list of all investments with a value greater than 5% of the Group's gross assets and at least 10 largest investments at 30 June 2022 and 31 December 2021 respectively as follows:

At 30 June 2022

Name of investments	Notes	Percentage of equity interest held %	Net assets attributable to the Company HK\$'000	Cost of investment HK\$'000	Market value/fair value at 30 June 2022 HK\$'000	Dividend received HK\$'000
Listed equity securities in Hong Kong						
Alibaba Group Holding Limited	(a)	below 0.01	13,156	51,732	24,506	-
Brockman Mining Limited	(b)	2.91	17,933	44,597	72,924	-
Frontier Services Group Limited	(c)	0.41	2,086	9,597	4,455	-
Huayi Tencent Entertainment Company Limited	(d)	0.22	1,440	12,366	5,630	-
Sino-entertainment Technology Holdings Limited	(e)	0.26	883	6,279	5,381	-
Tencent Holdings Limited	(f)	below 0.01	3,327	17,597	12,050	54
Listed equity securities in Hong Kong and outside Hong Kong						
JD.com, Inc.	(g)	below 0.01	3,600	10,082	10,481	703
Unlisted equity securities outside Hong Kong						
Oddup Inc.						
- Preferred Shares	(h)	N/A	N/A	11,700	25,751	-
- SAFETI	(i)	N/A	N/A	2,340	3,493	-
Infinity Technology (Cayman) Limited	(j)					
- Preferred Shares		N/A	N/A	3,900	2,866	-
				<u>170,190</u>	<u>167,537</u>	

At 31 December 2021

Name of investments	Notes	Percentage of equity interest held %	Net assets attributable to the Company HK\$'000	Cost of investment HK\$'000	Market value/ fair value at 31 December 2021 HK\$'000	Dividend received HK\$'000
Listed equity securities in Hong Kong						
Alibaba Group Holding Limited	(a)	below 0.01	14,411	53,612	27,228	–
Ausnutria Dairy Corporation Ltd.	(b)	0.04	2,949	8,171	7,088	203
Brockman Mining Limited	(c)	2.91	17,934	44,597	78,326	–
Frontier Services Group Limited	(d)	0.41	2,086	9,597	6,004	–
Huayi Tencent Entertainment Company Limited	(e)	0.29	2,206	16,068	8,278	–
Logan Group Company Limited	(f)	0.02	14,628	11,129	5,698	1,061
Tencent Holdings Limited	(g)	below 0.01	3,816	17,597	15,531	–
Times China Holdings Limited	(h)	0.07	38,844	16,541	5,538	1,128
Unlisted equity securities outside Hong Kong						
Oddup Inc.						
– Preferred shares	(i)	N/A	N/A	11,700	21,692	–
Unlisted investment funds outside Hong Kong						
Click Ventures Segregated Portfolio Company						
– Fund Series 3T SP	(j)	N/A	N/A	<u>7,800</u>	<u>5,600</u>	–
				<u>196,812</u>	<u>180,983</u>	

Notes:

- (a) Alibaba Group Holding Limited was incorporated in the Cayman Islands and its shares are listed on the Stock Exchange (stock code: 09988) and on the New York Stock Exchange (symbol: BABA). Alibaba Group Holding Limited is principally engaged in core commerce, cloud computing, digital media and entertainment and innovation initiatives and others.

For the three months ended 30 June 2022, the unaudited consolidated profit attributable to the owners of the company was approximately RMB22,739,000,000 and its unaudited consolidated net assets was approximately RMB1,087,073,000,000.

- (b) Brockman Mining Limited was incorporated in Bermuda and its shares are listed on the Stock Exchange (stock code: 00159) and the Australian Securities Exchange Ltd. (stock code: BCK). Brockman Mining Limited is principally engaged in acquisition, exploration and development of iron ore in Australia.

For the six months ended 31 December 2021, the unaudited consolidated loss attributable to the owners of the company was approximately HK\$22,898,000 and its unaudited consolidated net assets was approximately HK\$616,162,000.

- (c) Frontier Services Group Limited was incorporated in the Bermuda and its shares are listed on the Stock Exchange (stock code: 00500). Frontier Services Group Limited is principally engaged in the provision of aviation, logistics, security, insurance and infrastructure related services and the provision of online financial market information.

For the year ended 31 December 2021, the audited consolidated loss attributable to the equity holders of the company was approximately HK\$159,699,000 and its audited consolidated net assets was approximately HK\$505,150,000.

- (d) Huayi Tencent Entertainment Company Limited was incorporated in the Cayman Islands and its shares are listed on the Stock Exchange (stock code: 00419). Huayi Tencent Entertainment Company Limited is principally engaged in (i) entertainment and media business; and (ii) provision of healthcare and wellness services.

For the year ended 31 December 2021, the audited consolidated loss attributable to equity holders of the company was approximately HK\$132,493,000 and its audited consolidated net assets was approximately HK\$658,900,000.

- (e) Sino-Entertainment Technology Holdings Limited was incorporated in the Cayman Islands and its shares are listed on the Stock Exchange (stock code: 06933). Sino-Entertainment Technology Holdings Limited is principally engaged in mobile game publishing as well as development and sale of customised software and mobile games.

For the year ended 31 December 2021, the audited consolidated loss attributable to the equity holders of the company was approximately RMB2,950,000 and its audited consolidated net assets was approximately RMB287,362,000.

- (f) Tencent Holdings Limited was incorporated in the Cayman Islands and its shares are listed on the Stock Exchange (stock code: 00700). Tencent Holdings Limited is principally engaged in the provision of VAS, Online Advertising services and FinTech and Business Services.

For the three months ended 30 June 2022, the unaudited consolidated profit attributable to the owners of the company was approximately RMB19,230,000,000 and its unaudited consolidated net assets was approximately RMB803,881,000,000.

- (g) JD.com, Inc. was incorporated in the Cayman Islands and its shares are listed on the Stock Exchange (stock code: 09618) and on the New York's Nasdaq Global Select Market (“Nasdaq”) (symbol: JD). JD.com, Inc. is principally engaged in e-commerce business, including online retail and online marketplace in China.

For the six months ended 30 June 2022, the unaudited consolidated net income attributable to the ordinary shareholders of the company was approximately RMB1,385,000,000 and its unaudited consolidated net assets was approximately RMB251,461,000,000.

- (h) Oddup Inc. was incorporated in the United States of America and is principally engaged in operating a research platform that provides analytical information on startups, their trends, and both current and expected future valuations.

For the year ended 31 December 2021, the unaudited profit attributable to the owners of the company was approximately US\$2,951,874 and its unaudited net assets was approximately US\$17,641,000.

- (i) Oddup Inc. was incorporated in the United States of America and is principally engaged in operating a research platform that provides analytical information on startups, their trends, and both current and expected future valuations.

For the year ended 31 December 2021, the unaudited profit attributable to the owners of the company was approximately US\$2,951,874 and its unaudited net assets was approximately US\$17,641,000.

- (j) Infinity Technology (Cayman) Limited was incorporated in the Cayman Islands. Infinity Technology (Cayman) Limited is principally engaged in providing the point of sales and online ordering platform service.

For the year ended 31 December 2021, the unaudited consolidated loss attributable to the owners of the company was approximately HK\$6,633,000 and its unaudited consolidated net assets was approximately HK\$12,390,000.

CHANGE OF COMPANY NAME AND SHORT NAME

On 11 April 2022, the Company announced that the English name of the Company was proposed to be changed from “Global Mastermind Capital Limited” to “Walnut Capital Limited” and adopted 胡桃資本有限公司 as the secondary name of the Company (the “**Change of Company Name**”). The Change of Company Name had become effective on 23 June 2022. Details of the Change of Company Name were set out in the Company’s announcement dated 11 April 2022, the circular of the Company dated 29 April 2022 and the announcement of the Company relating to the poll results of the annual general meeting of the Company dated 15 June 2022. The English stock short name of the Company for trading in the shares of the Company on the Stock Exchange was changed from “GLOBAL M CAP” to “WALNUT CAP” and a Chinese stock short name “胡桃資本” was adopted for trading in the Shares on the Stock Exchange both with effect from 9:00 a.m. on 3 August 2022.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the six months ended 30 June 2022, the Group recorded a loss attributable to owners of the Company of approximately HK\$43,182,000, compared to a profit attributable to owners of the Company of approximately HK\$35,149,000 in the corresponding period of 2021. The turnaround from the profit to loss was mainly due to the change from gain arising on change in fair value of financial assets at fair value through profit or loss of approximately HK\$45,071,000 for the six months ended 30 June 2021 to loss arising on change in fair value of financial assets at fair value through profit or loss of approximately HK\$33,984,000 for the six months ended 30 June 2022.

Investment Objectives, Policies and Restrictions

Set out below are the investment objectives, policies and restrictions of the Company:

- i. Our investments will normally be made in listed and unlisted financial instruments.
- ii. The Group had made investments with a short to long term perspective with the objective of making capital gain as well as income from dividend or interests. Over the years, the Group invested in listed and unlisted securities, bonds, direct investments, projects, properties and structured products. Investments are also made in special or recovery situations.
- iii. There is no restriction on the proportion of the Company's assets which may be invested in any specific sector or company save for the restriction that the Company will not make an investment in any company which represents more than 20% of the consolidated net assets of the Company at the time such investment is made.
- iv. The Company will not either on its own or in conjunction with any connected person take legal, or effective, management control of underlying investments and that in any event the investment company will not own or control more than 30% (or such other percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) of the voting rights in any one company or body.
- v. The Directors do not intend to seek bank borrowings until substantially all the Company's funds have been invested and that the Company borrows, the Directors do not intend to borrow amounts representing in aggregate more than the consolidated net assets of the Company at the time the borrowing is made.

Investment Review

As at 30 June 2022, the major investments of the Group were approximately HK\$144,156,000 of a portfolio of listed financial instruments, approximately HK\$34,944,000 of direct investment in unlisted financial instruments and approximately HK\$4,243,000 of direct investment in unlisted investment fund. The investment portfolio of the Group mainly comprises equity and debt securities mainly in Hong Kong and the United States of America.

Dividend from listed equity investments during the six months ended 30 June 2022 was approximately HK\$757,000.

The details of all investments with a value greater than 5% of the Group's gross assets and at least 10 largest investments as at 30 June 2022 respectively are set out in note 12.

The gain/(loss) arising in change in fair value of financial assets at fair value through profit or loss for all investments with a value greater than 5% of the Group's gross assets and at least 10 largest investment of the companies for the six months ended 30 June 2022 is as follows:

Name of investments	Notes	Number of shares held at 30 June 2022 '000	Market value/ fair value as compared to	Realised	Unrealised
			the consolidated total asset of the Group at 30 June 2022 %	gain/(loss) for the six months ended 30 June 2022 HK\$'000	gain/(loss) for the six months ended 30 June 2022 HK\$'000
Listed equity securities in Hong Kong					
Alibaba Group Holding Limited	(i)	219	12.53	(342)	(1,533)
Brockman Mining Limited	(ii)	270,088	37.29	–	(5,402)
Frontier Services Group Limited	(iii)	9,684	2.28	–	(1,549)
Huayi Tencent Entertainment Company Limited	(iv)	29,630	2.88	(530)	(741)
Sino-Entertainment Technology Holdings Limited	(v)	1,074	2.75	84	(699)
Tencent Holdings Limited	(vi)	34	6.16	–	(3,482)
Listed equity securities in Hong Kong and outside Hong Kong					
JD.com, Inc.	(vii)	33	5.36	2,404	459
Unlisted equity securities outside Hong Kong					
Oddup Inc.					
– Preferred Shares	(viii)	N/A	13.17	–	4,059
– SAFETI	(ix)	N/A	1.79	–	–
Infinity Technology (Cayman) Limited	(x)				
– Preferred Shares		N/A	1.47	–	(1,546)
				<u>1,616</u>	<u>(10,434)</u>

Notes:

- i. As disclosed in the announcement of the June quarter 2022 results of Alibaba Group Holding Limited (“**Alibaba**”) as at 4 August 2022, during the past quarter, Alibaba actively adapted to changes in the macro environment and remained focused on its long-term strategy by continuing to strengthen its capability for customer value creation. Following a relatively slow April and May, Alibaba saw signs of recovery across its businesses in June. Alibaba was confident in its growth opportunities in the long term given its high-quality consumer base and the resilience of its diversified business model catering to different demands of Alibaba’s customers.

Despite the challenges posed by the COVID-19 resurgence, Alibaba delivered stable revenue performance year-over-year. Alibaba had narrowed losses in key strategic businesses given ongoing improvements in operating efficiency and increasing focus on cost optimization. Alibaba recently shared its plan to add Hong Kong as another primary listing venue. By becoming primary listed on both Hong Kong and New York stock exchanges, Alibaba aimed to further expand and diversify its investor base.

- ii. As disclosed in the interim report 2021/2022 of Brockman Mining Limited (“**Brockman**”), significant progress was made on an infrastructure solution for the Marillana and Ophthalmia Projects with Mineral Resources Limited (“**MRL**”) entering into an agreement with Hancock Prospecting Pty Ltd (“**Hancock**”) and Roy Hill Holdings Pty Ltd (“**Roy Hill**”) (“**Rail Port Agreement**”) to jointly investigate the development of a new berth at the Port of Port Hedland’s Stanley Point Berth 3 in South West Creek. Under the Rail Port Agreement, Roy Hill was to provide rail haulage and port services. The Rail Port Agreement would facilitate provision by MRL of an infrastructure solution for the projects.

The Marillana joint operation advanced the initial development works, which included amongst others, commencement of a Bauer drilling programme. The drilling programme was for the purpose of obtaining bulk samples to support pilot plant test-work and provide samples of tailings to support co-disposal (dry-stacking) testwork. The testwork would also support process review and flow sheet design. An application for a miscellaneous licence designed to connect Marillana to the Roy Hill railway was submitted in December 2021 by MRL.

On 8 December 2021, Brockman received notification from Polaris that the farm-in obligations for the Ophthalmia Joint Operation have been satisfied, and that the Ophthalmia Joint Operation was now operational.

Continuous advancement of the Marillana and Ophthalmia Projects overarching studies, approvals, construction, and production.

- iii. As disclosed in the annual report 2021 of Frontier Services Group Limited (“**Frontier**”), COVID-19 related uncertainties remained throughout 2021. During 2021, Frontier stayed focus on its core business development including securing more sizeable security projects overseas, the launching of an engineering, procurement and construction contract with a government body in Laos, the successful transformation of Frontier’s Kenya based aviation arm from initially just concentrating on VIP chartering into air ambulance and medevac operator as well as the growth in business volume of our logistic arm in Shanghai, China. Together with those synergies brought in through the acquisition and the appointment of new Frontier CEO, the Frontier’s commitment and determination towards security business had become more obvious. In the coming future, Frontier would continuously build its security profile by making good use of the acquisition and the new CEO’s experience and expertise in the security industry. Winning more sizeable projects both locally and overseas were expected because of Frontier’s solid credentials and expertise knowledge in the security industry.

- iv. As disclosed in the annual report 2021 of Huayi Tencent Entertainment Company Limited (“**Huayi Tencent**”), the details of the implementation of the medical reforms might be promulgated in 2022. At the moment, while the monitoring network of prescription in each province had taken shape, the electronic health insurance had been making progress and the digitization of multiple-site physician practice was being materialized. These had all significantly boosted the development of the business of “Echartnow” platform with respect to online drug prescription and circulation.

As for the business for digitized marketing solution, “Echartnow” platform would endeavour to offer the pharmaceutical companies digitized marketing solutions of drugs through the “online-merge-offline” synergistic development. On one hand it assisted the pharmaceutical companies in attaining an effective marketing conversion rate and sales growth, and on the other hand it could enhance the terminal accessibility of the pharmaceutical products. In order to achieve the relevant targets, “Echartnow” platform would continue to invest in developing and providing more solutions, as well as improving the functions of the existing solutions.

Due to the population ageing in the PRC, new urbanisation and the improvement of the basis medical insurance system, as well as the continuous increase in disposable income per capita and more emphasis being attached to health, the healthcare services market of the PRC continued to expand and in the near future the expenditure in healthcare would enter a stage of long-term and progressive growth. In the pan-health industry, the concept of “preventive treatment” would become the latest trend of the healthcare management sector.

Looking forward into 2022, the advancement of technology was expected to propel the film and entertainment industry in the direction of informatisation and digitisation. The change in viewing habit of consumers would also grant the streaming platforms an even greater room for expansion. Huayi Tencent would remain responsive to the latest trend and explore new models of development. At the same time, Huayi Tencent would strengthen its collaboration with different international streaming platforms and adopt the dual screening model (online and offline) flexibly. Nevertheless, the pandemic was still casting a cloud over the film industry and there remained plenty of obstacles ahead before the worldwide theatres could resume full normalcy. Huayi Tencent would adopt a more conservative and prudent approach while assessing its input in the new projects, control the quality of the films stringently, divert resources to the further growth of existing projects (such as the management and authorization of derivative products) and formulate the strategic goals for the entertainment and media operation with flexibility.

- v. As disclosed in the annual report 2021 of Sino-Entertainment Technology Limited (“**Sino-Entertainment**”), looking ahead, Sino-Entertainment would continue to navigate in the fast-changing gaming industry and focus on developing businesses with high growth potential in China and abroad. While there were likely some turbulences for the gaming market in China in the short run, Sino-Entertainment would certainly navigate through to success with the established market experience. In addition, Sino-Entertainment was also optimistic on the opportunity to build scalability in blockchain games and metaverse outside China.
- vi. As disclosed in the announcement of the results for the three and six months ended 30 June 2022, Tencent Holdings Limited (“**Tencent**”), looking forward, Tencent would focus on enhancing the efficiency of Tencent’s businesses and launching new revenue initiatives, including in-feed advertisements in Tencent’s popular Video Accounts, while continuing to drive innovation through R&D. Tencent generated approximately half of Tencent’s revenues from FinTech and Business Services as well as Online Advertising that directly contribute to, and benefited from, overall economic activity, which should position Tencent for revenue growth as China’s economy expanded.

vii. As disclosed in the announcement of the second quarter and interim 2022 results of JD.com, Inc. (“**JD.com**”), JD.com were encouraged to see its commitment to providing the best possible user experience while supporting local communities and enterprises across China translated into increased mindshare, stronger user engagement and expanding user base, especially in its core JD Retail business. JD.com would continue to serve its business partners, customers and society effectively through its supply chain based infrastructure while innovating to support China’s long-term growth.

JD.com emphasis on financial discipline and operational efficiency had allowed JD.com to return to shareholders in the form of share repurchases as well as a special cash dividend issued during the quarter. JD.com would continue to focus on generating strong shareholder returns while maintaining its commitment to investing for the long term.

viii. In 2021, Oddup Inc. had added a series of new services, Oddup Crypto. Oddup Crypto now manages close to US\$100m of crypto assets, and is now extending its services to other Web3 services.

ix. In 2021, Oddup Inc. had added a series of new services, Oddup Crypto. Oddup Crypto now manages close to US\$100m of crypto assets, and is now extending its services to other Web3 services.

x. Infinity Technology (Cayman) Limited, a Hong Kong-based company founded in 2019 offers restaurant point-of-sale system for Asia. It provides a series of services that enables those in the food and beverage industry to integrate operation, supply, delivery, and financing.

Infinity Technology (Cayman) Limited was recently backed by Y Combinator, and it plans to add central kitchen and school lunch box ordering for schools in Hong Kong, along with working capital loans, inventory management and an HR system to its back end in the short future.

The Directors believe that the future performance of the listed equities held by the Group is largely affected by economic factors, investor sentiment, demand and supply balance of an investee company’s shares and fundamentals of an investee company, such as investee company’s news, business fundamental and development, financial performance and prospects. Accordingly, the Directors closely monitor the above factors, particularly the fundamentals of each investee company in the Group’s equity portfolio, and proactively adjust the Group’s equity portfolio mix in order to improve its performance.

Liquidity and Financial Resources

As at 30 June 2022, the Group had cash and cash equivalents approximately HK\$3,754,000 (as at 31 December 2021: approximately HK\$2,371,000).

At 30 June 2022, the Group had outstanding borrowings of approximately HK\$23,935,000 (as at 31 December 2021: approximately HK\$35,276,000) representing:

- (a) the margin loan from securities broker of approximately HK\$13,935,000 (as at 31 December 2021: approximately HK\$25,276,000) has no determined maturity date and is subject to interest specified from time to time by securities broker. The margin loan is interest bearing at floating rates. As at 30 June 2022, the effective interest rate ranged from 3.21% (as at 31 December 2021: 2.36%) to 4.41% (as at 31 December 2021: 2.38%) per annum.
- (b) the outstanding principal amount of the non-convertible bond (the “**Bond**”) of HK\$10,000,000 (as at 31 December 2021: HK\$10,000,000). The maturity date is 16 April 2023. The Company has an option to repay the outstanding principal amount of the Bond at any time before the maturity date but the bondholder shall not redeem the Bond before the maturity date.

The Bond carries interest at the rate of 2% per annum payable annually in arrears on the last day of each year from the date of the Bond, provided that the final repayment of the interest shall be on the maturity date. However, for every 10% increase in the net profit in any financial year during the term of the Bond as compared to the immediate previous year, the interest rate shall be increased by 1% for that financial year and with retrospective effect. The following year’s interest rate will be reset at 2% subject to adjustment depending on the net profit. The interest rate during the term shall not be less than 2% per annum and not more than 6% per annum.

The gearing ratio (total debts/total equity) as at 30 June 2022 was 14.0% (as at 31 December 2021: 16.5%). Total debts included the non-convertible bond and the margin loan from securities broker.

As at 30 June 2022, the Group had net current assets of approximately HK\$163,655,000 as compared to approximately HK\$206,816,000 as at 31 December 2021.

As at 30 June 2022, the current ratio of the Group was 7.67 compared to 6.76 as at 31 December 2021.

Charges on Assets

As at 30 June 2022, a portfolio of listed equity and debt securities hold under margin account with carrying amounts of approximately HK\$63,546,000 (31 December 2021: HK\$91,319,000) have been pledged to secure margin loan from securities broker in accruals and other payables.

Capital Commitment and Contingent Liabilities

As at 30 June 2022 and 31 December 2021, the Group had no material capital commitment and contingent liabilities.

Foreign Exchange Exposure

Most of the investments and the business transactions of the Group are denominated in Hong Kong dollars. The Board believes the foreign exchange exposure is minimal.

Share Capital and Capital Structure

As at 30 June 2022, the Company had 700,333,925 shares of HK\$0.01 each in issue (31 December 2021: 700,333,925 shares).

Material Acquisitions and Disposals of Subsidiaries

The Group did not have any material acquisition or disposal of subsidiaries during the six months ended 30 June 2022.

Prospects

The worldwide stock market significantly pulled back in the first half of 2022, and the outlook is relatively weak due to geopolitical tensions, yields rising at a record pace, strong USD, and a record high inflation.

2022 has been a very challenging year for investment, and the current liquidity conditions have led the board to be conservative in the short term. The board believes companies that ultimately create long-term value for shareholders is the company that creates value for their customers and for society at large. We believe this philosophy will remain the case albeit with increased short-term price volatility, perhaps more than typically experienced in western markets. The Board will remain focused on finding and investing in companies that are trading at an attractive value and has strong growth prospects.

EMPLOYEES AND REMUNERATION POLICY

The Group ensured that its employees are remunerated according to the prevailing manpower market conditions and individual performance, qualification, experience and the remuneration policies are reviewed on a regular basis.

There were 14 employees, including 2 executive Directors and 3 independent non-executive Directors as at 30 June 2022. Remuneration policies are reviewed in accordance with the market situation and the performance of individual Directors from time to time. In addition to salaries, the Group provides employee benefits such as medical insurance and mandatory provident fund schemes. Moreover, discretionary bonus and share options will be paid or granted to employees based on the Group's and individual performances.

The emoluments of the Directors were determined with reference to their duties and responsibilities with the Company, the Company's performance, prevailing market conditions and the market emoluments for directors of other listed companies and reviewed by the Remuneration Committee.

The Group's total staff costs (including Directors' emoluments) for the six months ended 30 June 2022 amounted to approximately HK\$6,317,000 (six months ended 30 June 2021: approximately HK\$5,168,000).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange as the code of conduct for dealing in securities of the Company by the Directors. All Directors have confirmed, upon specific enquiries made by the Company, that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2022. To ensure Directors' dealings in the securities of the Company (the "**Securities**") are conducted in accordance with the Model Code, a Director is required to notify designated executive Directors in writing and obtain a written acknowledgement from the designated executive Directors prior to any dealings in the Securities.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has applied the principles and complied with all the applicable code provisions set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 of the Listing Rules during the period.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") currently comprises 3 independent non-executive Directors, Ms. Lui Sau Lin (the chairman of the Audit Committee), Mr. Fung Wai Ching and Mr. Chung Wang Hei. The Audit Committee has reviewed the 2022 interim report and the condensed consolidated financial statements of the Group for the six months ended 30 June 2022.

PUBLICATION OF THE CONSOLIDATED INTERIM RESULTS AND 2022 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.irasia.com/listco/hk/walnutcap/) and the 2022 interim report containing all the information required by the Listing Rules will be dispatched to shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Walnut Capital Limited
Mung Kin Keung
Chairman

Hong Kong, 29 August 2022

As at the date of this announcement, the board of the Company comprises two executive directors, namely, Mr. MUNG Kin Keung (Chairman) and Mr. MUNG Bun Man, Alan; and three independent non-executive directors, namely, Mr. FUNG Wai Ching, Ms. LUI Sau Lin and Mr. CHUNG Wang Hei.