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长城环亚
GREAT WALL PAN ASIA

GREAT WALL PAN ASIA HOLDINGS LIMITED
(長城環亞控股有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 583)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

INTERIM RESULTS

The board of directors (the "**Board**" or "**Directors**") of Great Wall Pan Asia Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2017, together with the comparative unaudited figures for the corresponding period in 2016.

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**(Unaudited) 30 June 2017 *HK$'000***	(Audited) 31 December 2016 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*3*	**4,950**	1,128
Investment properties	*4*	**1,714,000**	1,560,500
Investment in associates		**2,733**	3,011
		1,721,683	1,564,639
Current assets			
Accounts receivable	*5*	**4,561**	3,407
Prepayments, deposits and other receivables		**8,227**	9,700
Cash and bank balances		**99,664**	88,387
		112,452	101,494
Total Assets		**1,834,135**	1,666,133

CONDENSED CONSOLIDATED BALANCE SHEET (continued)

	Notes	(Unaudited) 30 June 2017 HK$'000	(Audited) 31 December 2016 HK$'000
LIABILITIES			
Current liabilities			
Other payables and accrued liabilities	*7*	**21,589**	20,998
Amounts due to associates		**1,102**	2,228
Current income tax liabilities		**4,550**	1,973
		27,241	25,199
Non-current liabilities			
Deferred income tax liabilities		**1,683**	1,574
		1,683	1,574
Total liabilities		**28,924**	26,773
Net Assets		**1,805,211**	1,639,360
EQUITY			
Capital and reserves			
Share capital	*6*	**156,775**	156,775
Reserves		**1,648,436**	1,482,585
Shareholders' funds		**1,805,211**	1,639,360
Total equity		**1,805,211**	1,639,360

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	(Unaudited) For the six months ended 30 June 2017 HK$'000	2016 HK$'000
CONTINUING OPERATIONS			
Revenue	*2*	**30,821**	26,848
Other income		**64**	33
Depreciation and amortisation		**(477)**	(1,413)
Other operating expenses		**(13,563)**	(12,760)
Fair value gain on investment properties	*1*	**153,500**	114,100
Operating profit of continuing operations		**170,345**	126,808
Net finance income	*8*	**–**	746
Share of losses of associates		**(278)**	(444)
Gain on disposal of available-for-sale financial assets		**–**	27,062
Gain on disposal of asset held for sale		**–**	30,089
Profit before income tax from continuing operations		**170,067**	184,261
Income tax (expense)/credit	*9*	**(4,216)**	3,470
Profit for the period from continuing operations		**165,851**	187,731
DISCONTINUED OPERATIONS			
Loss for the period from discontinued operations	*12(a)*	**–**	(12,999)
Gain on disposal of discontinued operations	*12(c)*	**–**	1,421,731
Profit for the period from discontinued operations		**–**	1,408,732
Profit for the period		**165,851**	1,596,463
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Fair value gain recognised upon the transfer from leasehold land and buildings to investment properties		**–**	307,948
		–	307,948

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	Notes	(Unaudited) For the six months ended 30 June **2017** ***HK$'000***	2016 *HK$'000*
Other comprehensive income (continued)			
Items that may be/have been reclassified subsequently to profit or loss:			
Fair value gain on available-for-sale financial assets		–	8,392
Fair value gain on available-for-sale financial assets released upon disposal		–	(18,616)
Currency translation difference on consolidation		–	(152)
Currency translation difference released upon disposal of asset held for sale		–	10,170
Disposal of interests in subsidiaries		–	(4,337)
		–	(4,543)
Other comprehensive income for the period, net of tax		–	303,405
Total comprehensive income for the period		**165,851**	1,899,868
Profit attributable to:			
Continuing operations		**165,851**	187,731
Discontinued operations		–	1,407,641
Shareholders of the Company		**165,851**	1,595,372
Non-controlling interests – discontinued operations		–	1,091
		165,851	1,596,463
Total comprehensive income attributable to:			
Continuing operations		**165,851**	495,625
Discontinued operations		–	1,403,152
Shareholders of the Company		**165,851**	1,898,777
Non-controlling interests – discontinued operations		–	1,091
		165,851	1,899,868
Earnings per share	*10*		
Continuing operations		**HK10.58 cents**	HK11.99 cents
Discontinued operations		–	HK89.90 cents
Basic		**HK10.58 cents**	HK101.89 cents
Continuing operations		**HK10.58 cents**	HK11.99 cents
Discontinued operations		–	HK89.88 cents
Diluted		**HK10.58 cents**	HK101.87 cents
		HK$'000	*HK$'000*
Dividends	*11*	–	2,499,499

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information ("**interim financial information**") for the six months ended 30 June 2017 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**").

The interim financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**").

Except as described below, the accounting policies and methods of computation used in the preparation of this interim financial information are consistent with those used in the consolidated financial statements for the year ended 31 December 2016.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the critical accounting estimates and judgements were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

The investment properties were valued by an independent professional valuer to determine their fair value as at 30 June 2017. The Group has adopted such valuation and recognised a fair value gain of HK$153,500,000 accordingly. The principal assumptions underlying management's estimation of fair values of the investment properties and the basis of valuation are consistent with those applied in the consolidated financial statements for the year ended 31 December 2016, except for the rental rate estimated based on recent lettings of HK$110 psf (2016: HK$100 psf) for the retail shop, HK$35 psf to HK$89.5 psf (2016: HK$32 psf to HK$80 psf) for office buildings, and HK$12.3 psf to HK$25 psf (2016: HK$11 psf to HK$23 psf) for industrial properties. The lower the rents, the lower the fair value.

Amendments to HKFRSs effective for the financial year ending 31 December 2017 do not have a material impact on the Group.

2. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Chief Executive Officer of the Group, who reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group has one reportable segment for the period ended 30 June 2017, while it had three reportable segments: newspaper, magazine and property for the period ended 30 June 2016. Property segment holds various commercial and industrial properties in Hong Kong. It derives revenue through leasing out its properties.

For the period ended 30 June 2016, Newspaper segment was engaged in the publication of *South China Morning Post, Sunday Morning Post* and other related print and digital publications. It derived its revenue mainly from advertising and sales of newspapers. Magazine segment was engaged in the publication of various magazines in Chinese and English language and related print and digital publications. Its revenue was derived from advertising and sales of magazines. Both Newspaper and Magazine segments were classified as discontinued operations. As the sale of media business was completed on 5 April 2016, the revenue and results of operations of Newspaper and Magazine segment in the discontinued operations in 2016 only covered the period up to 5 April 2016.

The chief operating decision-maker assesses the performance of the operating segments based on a number of measures, including adjusted EBITDA (defined as earnings before interest, tax, depreciation and amortisation, fair value gain on investment properties and other gains) and profit or loss after tax. The Group considers that the measurement principles for profit or loss after tax are most consistent with those used in measuring the corresponding amounts in the Group's financial statements. Hence, profit or loss after tax is used for reporting segment profit or loss.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in the consolidated financial statements for the year ended 31 December 2016 and Note 1 above, except that interest in the profit or loss of associates is accounted for on the basis of dividend received or receivable in segment profit or loss while such interest is accounted for under the equity method in the Group's consolidated financial statements.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different marketing strategies. Transactions between reportable segments are accounted for on arm's length basis.

Revenue for 2017 consists of revenue from property segment only.

Revenue for 2016 consisted of revenue from all of the Group's then reportable segments, which comprised newspaper and magazine, up to the date of disposal of media business as described above and property, as well as other segments whose contributions to the Group's revenue and profit or loss are below the quantitative threshold for separate disclosures. The revenue for the six months ended 30 June 2017 and 2016 were HK$30,821,000 and HK$237,459,000 respectively. The other segment mainly includes expenses incurred by the Company.

The segment information for the six months ended 30 June 2017 and 2016 is as follows:

(a) Reportable segment profit or loss

For the six months ended 30 June 2017

	(Unaudited) Continuing operations Property *HK$'000*
Revenue from external customers	**30,821**
Reportable segment profit	**174,831**

During the period ended 30 June 2017, none of the income statement items are related to the discontinued operations.

2. REVENUE AND SEGMENT INFORMATION (continued)

(a) Reportable segment profit or loss (continued)

For the six months ended 30 June 2016

	(Unaudited)							
	Continuing operations			Discontinued operations				
	Property	Others	Sub-total	Newspaper	Magazine	Others	Sub-total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total segment revenue	27,534	–	27,534	152,739	58,254	1,762	212,755	240,289
Inter-segment revenue	(686)	–	(686)	(21)	(2,064)	(59)	(2,144)	(2,830)
Revenue from external customers	26,848	–	26,848	152,718	56,190	1,703	210,611	237,459
Reportable segment profit/ (loss)	135,485	22,723	158,208	(18,149)	5,342	(313)	(13,120)	145,088

(b) Reconciliation of reportable segment profit or loss

	(Unaudited)			
	For the six months ended 30 June			
	2017	2016		
	Continuing operations	Continuing operations	Discontinued operations	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Profit/(loss) for reportable segments	**174,831**	135,485	(12,807)	122,678
Profit/(loss) for other segments	**–**	22,723	(313)	22,410
	174,831	158,208	(13,120)	145,088
Reconciling items:				
Elimination of inter-segment transactions	**–**	(122)	122	–
Share of losses of associates under equity method of accounting	**(278)**	(444)	(1)	(445)
Gain on disposal of discontinued operations	**–**	–	1,421,731	1,421,731
Gain on disposal of asset held for sale	**–**	30,089	–	30,089
Other operating expenses	**(8,702)**	–	–	–
	165,851	29,523	1,421,852	1,451,375
Profit for the period	**165,851**	187,731	1,408,732	1,596,463

During the period ended 30 June 2017, none of the income statement items are related to the discontinued operations.

3. PROPERTY, PLANT AND EQUIPMENT

			(Unaudited)
	Leasehold improvement	**Other fixed assets**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2017	–	1,128	1,128
Additions	3,504	795	4,299
Depreciation	(319)	(158)	(477)
Net Book value at 30 June 2017	3,185	1,765	4,950
As 30 June 2017			
Cost	3,504	5,587	9,091
Accumulated depreciation	(319)	(3,822)	(4,141)
Net Book value at 30 June 2017	3,185	1,765	4,950

4. INVESTMENT PROPERTIES

	(Unaudited)	(Audited)
	30 June 2017	31 December 2016
	HK$'000	*HK$'000*
Opening balance	**1,560,000**	1,923,400
Transfer from property, plant and equipment	**–**	404,000
Fair value gain	**153,500**	118,100
Disposal of a subsidiary	**–**	(885,000)
Ending balance	**1,714,000**	1,560,500

There is no transfer between levels of the fair value hierarchy used in measuring the fair value of the investment properties during the period.

5. ACCOUNTS RECEIVABLE

The Group allows an average credit period of 1 to 60 days to its customers and an ageing analysis of accounts receivable is as follows:

	(Unaudited) 30 June 2017		(Audited) 31 December 2016	
	Balance	**Percentage**	Balance	Percentage
	HK$'000	*%*	*HK$'000*	*%*
Current	**4,277**	**93.8**	1,244	36.5
Less than 30 days past due	**–**	**–**	1,006	29.5
31 to 60 days past due	**284**	**6.2**	1,157	34.0
Total	**4,561**	**100.0**	3,407	100.0
Less: Allowance for impairment	**–**		–	
	4,561		3,407	

As at 30 June 2017, none of the accounts receivable are past due or impaired (31 December 2016: Nil). These balances relate to a wide range of customers for whom there was no recent history of default.

6. SHARE CAPITAL

	(Unaudited) 30 June 2017		(Audited) 31 December 2016	
	Number of shares	**Amount**	Number of shares	Amount
		HK$'000		*HK$'000*
Authorised:				
Ordinary shares of HK$0.10 each	**5,000,000,000**	**500,000**	5,000,000,000	500,000
Issued and fully paid:				
Opening balance	**1,567,745,596**	**156,775**	1,561,057,596	156,106
Shares issued under share option scheme	**–**	**–**	6,688,000	669
Ending balance	**1,567,745,596**	**156,775**	1,567,745,596	156,775

7. OTHER PAYABLES AND ACCRUED LIABILITIES

The balance includes rental received in advance from one of the tenants of approximately HK$1,782,000 (2016: HK$810,000), deposits received from tenants of approximately HK$11,879,000 (2016: HK$11,379,000) and accrued liabilities of HK$7,929,000 (2016: HK$8,809,000).

8. NET FINANCE INCOME

	(Unaudited) For the six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Finance income of continuing operations		
– Interest income on available-for-sale financial assets	**–**	746

9. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax of continuing operations has been provided for at a rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the period.

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

	(Unaudited) For the six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Current income tax		
Hong Kong profits tax	**4,107**	3,370
Deferred income tax		
Deferred tax expense/(credit)	**109**	(6,840)
	4,216	(3,470)

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit from continuing operations attributable to shareholders of HK$165,851,000 (2016: HK$187,731,000), and the weighted average of 1,567,745,596 shares in issue (2016: 1,565,727,948 shares in issue) during the period. The calculation of basic earnings par share for the six months period ended 30 June 2016 was also calculated based on the profit from discontinued operations attributable to shareholders of HK$1,407,641,000.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares arising from exercise of all outstanding share options granted under the Company's share option scheme. A calculation is done to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. Since the media business was sold to Alibaba Investment Limited on 5 April 2016, all the remaining share options were lapsed on that day and there are no outstanding options to be exercised during the six months ended 30 June 2017. Accordingly, there was no potential dilutive ordinary shares during the six months period ended 30 June 2017.

The calculation of diluted earnings per share for the period ended 30 June 2016 is based on 1,565,727,948 shares which is the weighted average number of shares in issue during the period plus the weighted average of 470,031 shares deemed to be issued if all outstanding share options granted under the Company's share option scheme had been exercised.

11. DIVIDENDS

The Board had resolved not to recommend any payment of final dividend for the year ended 31 December 2016.

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2017 (2016: Nil).

12. DISCONTINUED OPERATIONS

Subsequent to the disposal of media business on 5 April 2016, the results of SCMP Newspapers Limited, SCMP Publications Limited, SCMP.com Limited, SCMP Retailing Limited and SCMP.com Holdings Limited (the "**Disposed Companies**") together with the related gain on disposal have been presented as discontinued operations in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2016.

(a) Analysis of the results of the discontinued operations is as follows:

	(Unaudited) For the six months ended 30 June 2016 *HK$'000*
Revenue	210,611
Other income	353
Staff costs	(137,731)
Cost of production materials	(35,148)
Rental and utilities	(6,405)
Advertising and promotion	(8,028)
Other operating expenses	(34,884)
Operating loss of discontinued operations	(11,232)
Net finance income	507
Share of losses of associates	(1)
Loss before income tax from discontinued operations	(10,726)
Income tax expense	(2,273)
Loss for the period from discontinued operations	(12,999)

Operating loss of discontinued operations is stated after charging/crediting:

	(Unaudited) For the six months ended 30 June 2016 *HK$'000*
Charging	
Net loss on disposal of property, plant and equipment and intangible assets	2
Auditors' remuneration	599
Crediting	
Interest income on bank deposit	507

(b) Analysis of the cash flows of discontinued operations:

	(Unaudited) For the six months ended 30 June 2016 *HK$'000*
Net cash outflow from operating activities	(8,152)
Net cash outflow from investing activities	(8,368)
Net cash outflow from financing activities	(459,367)
Net cash outflow from discontinued operations	(475,887)

12. DISCONTINUED OPERATIONS (continued)

(c) Disposal of the Disposed Companies

	(Unaudited)
	HK$'000
Net assets disposed of:	
Intangible assets	176,630
Property, plant and equipment	406,024
Defined benefit plan's assets	56,328
Interests in associates	319
Available-for-sale financial assets	11
Deposit paid for property, plant and equipment	1,077
Inventories	14,849
Accounts receivable	229,574
Prepayments, deposits and other receivables	24,349
Taxation recoverable	1,800
Cash and bank balances	92,252
Trade payables and accrued liabilities	(157,447)
Amount due to an associate	(955)
Subscription in advance	(30,780)
Loan from a non-controlling shareholder	(2,240)
Deferred income tax liabilities	(63,266)
Non-controlling interests	(35,705)
	712,820
Translation reserve	(4,341)
Investment revaluation reserve	4
	708,483
Expenses incurred on disposal during the current period	3,094
	711,577
Cash consideration	2,133,308
Profit on disposal of the Disposed Companies	1,421,731

An analysis of net cash inflow in respect of the disposal of the Disposed Companies is as follows:

	(Unaudited)
	HK$'000
Cash consideration	2,133,308
Cash and bank balances disposed of	(92,252)
Expenses incurred on disposal during the period	(3,094)
Net cash inflow in respect of disposal of the Disposed Companies	2,037,962

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results of the Group

The Group's consolidated operating results for the six months ended 30 June 2017 and 2016 were as follows:

(HK$ millions, except percentages and per share amounts)	For the six months ended 30 June **2017**	2016	% Change
Continuing operations			
Revenue	**30.8**	26.8	15%
Depreciation and amortisation	**(0.5)**	(1.4)	(64%)
Other operating expenses	**(13.5)**	(12.7)	6%
Adjusted operating profit^	**16.8**	12.7	32%
Fair value gain on investment properties	**153.5**	114.1	35%
Operating profit	**170.3**	126.8	34%
Net finance income	**–**	0.7	**
Share of losses of associates	**(0.3)**	(0.4)	(25%)
Gain on disposal of available-for-sale financial assets	**–**	27.1	**
Gain on disposal of asset held for sale	**–**	30.1	**
Profit before income tax	**170.0**	184.3	(8%)
Income tax (expense)/credit	**(4.2)**	3.5	**
Profit for the period from continuing operations	**165.8**	187.8	(12%)
Discontinued operations			
Loss for the period from discontinued operations	**–**	(13.0)	**
Gain on disposal of discontinued operations	**–**	1,421.7	**
Profit for the period from discontinued operations	**–**	1,408.7	**
Profit for the period	**165.8**	1,596.5	(90%)
Non-controlling interests – discontinued operations	**–**	(1.1)	**
Profit attributable to shareholders	**165.8**	1,595.4	(90%)
Earnings per share (HK cents)	**10.6**	101.9	(90%)

** *Represents a change in excess of 100%*

^ *Adjusted operating profit is defined as operating profit before other income and fair value gain on investment properties*

Profit attributable to shareholders in the first half of 2017 was HK$165.8 million, which included HK$153.5 million fair value gain on investment properties. The decrease in profit attributable to shareholders in the first half of 2017 was mainly attributable to one-off profits from gain on disposal of discontinued operations, gain on disposal of available-for-sale financial assets, and gain on disposal of asset held for sale in the first half of 2016.

Financial Review By Business

Property

(HK$ millions, except percentages)	**For the six months ended 30 June 2017**	2016	% Change
Revenue	**30.8**	27.5	12%
Adjusted operating profit	**25.5**	17.9	42%
Fair value gain on investment properties	**153.5**	114.1	35%
Income tax (expense)/credit	**(4.2)**	3.5	**
Profit attributable to shareholders	**174.8**	135.5	29%

** *Represents a change in excess of 100%*

As mentioned in the Company's 2016 Annual Report, the operating results of the property segment have now included the contribution from the outdoor billboards on the exterior walls of Yue King Building, which was reported under other segment in the past.

Revenue from property segment for the first half of 2017 was HK$30.8 million, compared with HK$27.5 million in the first half of 2016, as higher income from rental was derived from an investment property at the Bank of America Tower due to the increase in monthly rental income upon renewal of tenancy agreement with the existing tenant.

The increase in profit attributable to shareholders was mainly due to the increase of fair value gain on investment properties. Excluding the fair value gain on investment properties and the tax impact, the adjusted operating profit increased by HK$7.6 million, which was mainly attributable to the increase in revenue and the decrease in operating expenses including rental expenses and depreciation expenses.

The Group's investment property portfolio in Hong Kong comprises certain floors of the Bank of America Tower, Yue King Building, Ko Fai Industrial Building and Seaview Estate. Yue King Building was reclassified as investment property upon completion of the disposal of media business.

The Group's investment properties were revalued as at 30 June 2017 by independent professionally qualified valuers, DTZ Cushman & Wakefield Limited, who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties being valued. For all investment properties, their current use equates to the highest and best use. The revaluation gains or losses are shown as "Fair value gain or loss on investment properties" in the income statement. Fair values of the office buildings, retail shops and industrial properties are derived using the income capitalisation approach. Fair value of the vacant property, which was disposed in 2016, was derived using the residual method. There were no changes to the valuation techniques during the period.

Liquidity and Capital Resources

The Group's main source of liquidity is recurring cash flows from the property business. The Group's financial position as at 30 June 2017 and 31 December 2016 were as follows:

(HK$ millions, except percentages)	**30 June 2017**	31 December 2016	% Change
Cash and bank balances	**99.7**	88.4	13%
Shareholders' funds	**1,804.3**	1,639.4	10%
Current ratio	**4.0**	4.0	–

The Group's cash and bank balances are held predominantly in Hong Kong dollars. The Group has no significant exposure to foreign exchange fluctuations. There was no borrowing as at 30 June 2017.

The Group has maintained a strong cash position and expects its cash and cash equivalents and cash generated from operations to be adequate to meet its working capital requirements and to pay dividends.

Operating Activities

Net cash generated from operating activities for the six months ended 30 June 2017 was HK$15.6 million, compared with net cash used of HK$15.6 million for the six months ended 30 June 2016. The increase in operating cash flows was mainly due to lower revenues in discontinued operations during the prior period.

Investing Activities

Net cash used in investing activities for the period was HK$4.3 million, compared with net cash generated of HK$2,214.8 million in 2016. The cash flow in current period was mainly used for purchasing property, plant and equipment. The cash flow in prior period was resulted mainly from the cash flow of HK$2,038 million in relation to the disposal of the media business and sales proceeds of the Group's available-for-sale investments of HK$132.7 million.

Employees and Remuneration Policy

As at 30 June 2017, the Group had 5 employees compared with 4 employees as at 30 June 2016. The principal business of the Group mainly consists of the property business which is not complicated and is comparatively less labour-intensive. Taking the cost and benefit into account, the Group has streamlined its labour resources for the time being by way of outsourcing the property management function to professional third parties whilst the Chief Executive Officer oversees the whole operation of the Group.

As the Company's business continues to grow, its remuneration philosophy is designed to provide its employees with the opportunity to excel and grow, while aligning with our business strategies and values. The Group's remuneration policy aims to recognise employees with outstanding performance, retain and attract key talents and ensure alignment with the interests of our businesses, and thereby enhancing shareholder value.

Interim Dividend

The Board has resolved not to declare any payment of interim dividend for the six months ended 30 June 2017 (for the six months ended 30 June 2016: Nil).

Material Events

Acquisitions and Transaction

On 19 May 2017, Great Wall Pan Asia III Holding Limited (the "**First Purchaser**"), a wholly-owned subsidiary of the Company, and China Great Wall AMC (International) Holdings Company Limited (the "**Vendor**") entered into the sale and purchase agreement (the "**First Sale and Purchase Agreement**"), pursuant to which the Vendor conditionally agreed to sell, and the First Purchaser conditionally agreed to purchase, the entire issued share capital in Great Wall Pan Asia Asset Management Limited (長城環亞資產管理有限公司) (the "**First Target Company**") for a cash consideration of HK$38,701,969.

On the same date, Great Wall Pan Asia II Holding Limited (the "**Second Purchaser**"), a wholly-owned subsidiary of the Company, and the Vendor entered into the sale and purchase agreement (the "**Second Sale and Purchase Agreement**"), pursuant to which the Vendor conditionally agreed to sell, and the Second Purchaser conditionally agreed to purchase, the entire issued share capital in Great Wall Pan Asia Corporate Finance Limited (長城環亞融資有限公司) (the "**Second Target Company**") for a cash consideration of HK$868,834.

On 29 June 2017, the First Target Company and the Vendor entered into an amended and restated asset management agreement (the "**Restated Asset Management Agreement**"), pursuant to which the parties thereto agreed to amend and restate certain terms of the asset management agreement dated 19 May 2017 previously entered between the aforesaid parties. Pursuant to the Restated Asset Management Agreement, the First Target Company conditionally agreed to provide discretionary asset management services to the Vendor for a term commencing from the commencement date and ending on the third anniversary of the commencement date at a management fee equal to 1.5% per annum of the assets as consideration for performing discretionary asset management services with annual caps not exceeding HK$40,500,000 per annum.

Great Wall Pan Asia (BVI) Holding Limited, which holds approximately 74.89% of the total issued share capital of the Company, is the controlling shareholder of the Company and is wholly-owned by the Vendor. Therefore, the Vendor is a connected person of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**").

Hence, the acquisitions contemplated under the First Sale and Purchase Agreement (the "**First Acquisition**") and the Second Sale and Purchase Agreement (the "**Second Acquisition**", collectively the "**Acquisitions**") collectively constitute a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules and a discloseable transaction under Chapter 14 of the Listing Rules for the Company and are subject to reporting, announcement and independent shareholders' approval requirements under the Listing Rules. Meanwhile, the transaction contemplated under the Restated Asset Management Agreement (the "**Transaction**") constitutes a non-exempt continuing connected transaction under Chapter 14A of the Listing Rules upon the completion of the First Acquisition and therefore is subject to reporting, announcement and independent shareholders' approval requirements under the Listing Rules. Further details are set out in the Company's announcements dated 19 May, 29 June and 21 July 2017 and the Company's circular dated 30 June 2017 (the "**Circular**").

All the above Acquisitions and Transaction have been approved by the Company's independent shareholders at the Company's special general meeting held on 21 July 2017. Completion of the Acquisitions and Transaction is still conditional upon the satisfaction of the respective remaining conditions precedent as set out in the Circular. As at the date of this announcement, parties thereto are in the process of fulfilling such remaining conditions precedent of the Acquisitions and Transaction. Further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules.

Save as disclosed above, there was no other material acquisition or disposal by the Group during the reporting period and up to the date of this announcement.

Money Lending Business

On 22 June 2017, Great Wall Pan Asia Finance Limited, a wholly-owned subsidiary of the Company, has been granted a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). For details, please refer to the Company's announcement dated 23 June 2017. As at the date of this announcement, the Group has not commenced any money lending business.

Outlook

As disclosed in the 2016 Annual Report of the Company, the Board continues to develop the Group's principal business in property investment. In the meantime, the Board is formulating development plans and strategies to accomplish the strategic objectives of transforming the Group into a conglomerate with businesses in property investment and integrated financial services, and developing the Company as a major listed entity and an integrated development platform of China Great Wall Asset Management Co., Ltd. (a financial conglomerate engaged in a broad range of integrated financial services) ("**CGWAMC**") outside Mainland China. These objectives can be achieved by leveraging the solid foundation and strengths that CGWAMC has formed in Hong Kong and Mainland China, the diversified capital market in Hong Kong and the sound financial position of the Group.

The Group continues to enhance its potential long-term growth by suitable diversification of its businesses, thereby generating favourable investment returns to our shareholders.

The Board believes that the above-mentioned Acquisitions are in line with the Group's strategic plan and constitute an important step towards the diversification of its business to provision of financial services. Upon completion of the Acquisitions, the Group, enlarged with the First Target Company and its subsidiaries and the Second Target Company with licences to carry out Type 1 (dealing in securities) (restricted by certain conditions), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance ("**SFO**") in Hong Kong with well-established platform of Qualified Foreign Limited Partners under the Shen Zhen Qian Hai's pilot scheme in the PRC, will be able to enhance the Group's revenue sources, profitability and long-term growth potential.

To further cope with the development strategies of stepping into the financial services in Hong Kong, an indirect wholly-owned subsidiary of the Company has submitted an application to the Securities and Futures Commission ("**SFC**") for a licence to carry out Type 1 (dealing in securities) regulated activity. Such subsidiary will be principally engaged in brokerage and margin finance businesses after such licence is granted by the SFC.

Looking forward, leveraging on Types 1, 4, 6 and 9 licences under the SFO that the Group is expected to possess by the fourth quarter of 2017 and the money lenders licence, the Group will promote the interconnection between its financing and investment business and licensed business, and establish an integrated financial service platform regarding the three major business segments, namely "securities", "corporate finance" and "asset management".

The property investment segment is expected to continue to contribute stable rental income and profit to the Group by maintaining satisfactory occupancy rates of and income from the investment properties in Hong Kong.

Moreover, the Group will continue to identify suitable investment and business development opportunities prudently and thoroughly, to better utilise its capital to expand the scope of business, to explore potential projects and to acquire good quality assets.

CORPORATE GOVERNANCE

The Board and the Company's management are committed to upholding the Group's obligations to shareholders. We regard the promotion and protection of shareholders' interests as one of our priorities and keys to success.

The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Board is of the view that, throughout the six months ended 30 June 2017, the Company has complied with the principles and code provisions set out in the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix 14 to the Listing Rules, save as deviations from code provisions A.2.1 and C.2.5 as explained below. The Company also adheres to certain recommended best practices set out in the Corporate Governance Code insofar as they are relevant and practicable.

Code provision A.2.1

The roles of Chairman of the Board and Chief Executive Officer of the Company have been performed by Mr. Ou Peng, our executive Director, since 9 November 2016. Although under code provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual, the combination of the roles of chairman and chief executive officer by Mr. Ou is considered to be in the best interests of the Company and its shareholders as a whole. The Company believes that the combined roles of Mr. Ou promotes better leadership for both the Board and the management and allows more focus on developing business strategies and the implementation of objectives and policies. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high-calibre individuals. The Board will review the management structure regularly and consider separating the roles of chairman and chief executive officer, if and when appropriate.

Code provision C.2.5

Under code provision C.2.5 of the Corporate Governance Code, the Group should have an internal audit function. Although the Group did not establish an internal audit function during the six months ended 30 June 2017 since it is still in transitional period, as disclosed in the Company's 2016 Annual Report, the Company had conducted a review on the need and decided to set up an internal audit function to strengthen the Group's internal control and risk management systems. The Company is in the process of establishing the internal audit function where internal policies and procedures that suit the conditions of the Group are being formulated and established, and an annual internal audit plan will be developed based on the findings of the overall risk assessment upon the appointment of the internal auditors.

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL STATEMENTS

The Audit Committee was established with its defined written terms of reference in 1998. The Audit Committee currently comprises two independent non-executive Directors, namely Mr. Woo Chin Wan (Chairman of the Audit Committee) and Dr. Song Ming, and a non-executive Director, Mr. Huang Hu. A majority of the Audit Committee members are independent non-executive Directors, with Mr. Woo Chin Wan and Dr. Song Ming possessing the appropriate professional qualifications and accounting and related financial management expertise.

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2017 were reviewed by the Audit Committee, which was of the opinion that the preparation of such interim results complied with the applicable accounting standards and requirements and the Listing Rules, and that adequate disclosures have been made. In addition, the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2017 were also reviewed by the Group's auditor, Messrs. PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", whose review report is included in the 2017 Interim Report to be sent to the shareholders of the Company.

REMUNERATION COMMITTEE

The Remuneration Committee was established with its defined written terms of reference in 2000. The Remuneration Committee currently comprises two independent non-executive Directors, namely Dr. Song Ming (Chairman of the Remuneration Committee) and Dr. Sun Mingchun, and an executive Director, Mr. Meng Xuefeng.

NOMINATION COMMITTEE

The Nomination Committee was established with its defined written terms of reference in 2005. The Nomination Committee currently comprises an executive Director, Mr. Ou Peng (Chairman of the Nomination Committee) and two independent non-executive Directors, namely Dr. Song Ming and Dr. Sun Mingchun.

COMPLIANCE WITH THE MODEL CODE AND THE COMPANY'S GUIDELINES

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as the Company's code of conduct for securities transactions by its Directors. Having made specific enquiry with all Directors, all Directors have confirmed their compliance with the required standards set out in the Model Code throughout the six months ended 30 June 2017 and up to the date of this announcement.

The Company has adopted written guidelines (the "**Company's Guidelines**"), which are equally stringent as the Model Code, in respect of securities transactions by relevant employees of the Company who are likely to be in possession of unpublished inside information of the Company pursuant to code provision A.6.4 of the Corporate Governance Code. No incident of non-compliance against the Model Code or the Company's Guidelines by the Company's relevant employees has been noted after making reasonable enquiry.

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

PUBLICATION OF INTERIM RESULTS 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.gwpaholdings.com). The Interim Report of the Company for the six months ended 30 June 2017 containing the information required by Appendix 16 to the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
Great Wall Pan Asia Holdings Limited
OU Peng
Chairman

Hong Kong, 30 August 2017

As at the date of this announcement, the Board consists of Mr. Ou Peng and Mr. Meng Xuefeng as executive Directors of the Company, Mr. Huang Hu and Ms. Lv Jia as non-executive Directors of the Company, and Dr. Song Ming, Dr. Sun Mingchun and Mr. Woo Chin Wan as independent non-executive Directors of the Company.

* *For identification purpose only*