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

(Incorporated in Bermuda with limited liability)

(Stock Code: 583)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

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 2019, together with the comparative unaudited figures for the corresponding period in 2018, as follows:

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2019
(with comparatives as at 31 December 2018)

	Notes	(Unaudited) 30 June 2019 HK$'000	(Audited) 31 December 2018 HK$'000
ASSETS			
Non-current assets			
Investment properties	4	**3,365,750**	3,791,800
Investment in associates	5	**3,739,676**	3,405,706
Financial asset at fair value through profit or loss	6	**1,137**	1,141
Property, plant and equipment	3	**631,749**	4,073
Right-of-use assets	7	**29,212**	–
Loan receivable	8	**115,904**	115,903
Restricted cash	13	**9,605**	9,199
		7,893,033	7,327,822

* *For identification purpose only*

CONDENSED CONSOLIDATED BALANCE SHEET (continued)
AS AT 30 JUNE 2019
(with comparatives as at 31 December 2018)

	Notes	(Unaudited) 30 June 2019 HK$'000	(Audited) 31 December 2018 HK$'000
Current assets			
Amount due from an intermediate holding company	9	**1,398**	–
Amounts due from associates	5	**213**	–
Prepayments, deposits and other receivables	11	**15,364**	12,765
Current tax recoverable		**4,259**	–
Accounts receivable	10	**7,245**	3,064
Cash and bank balances		**170,421**	169,593
		198,900	185,422
Total assets		**8,091,933**	7,513,244
LIABILITIES			
Non-current liabilities			
Loans from an intermediate holding company	12	**3,915,009**	3,915,009
Bank borrowings	13	**895,412**	893,529
Lease liabilities	15	**20,368**	–
Deferred income tax liabilities	18	**2,017**	1,913
Other payables and accrued liabilities	14	**191,498**	125,262
		5,024,304	4,935,713
Current liabilities			
Amount due to an intermediate holding company		**37**	91
Amounts due to associates	5	**–**	958
Bank borrowings	13	**44,346**	49,792
Lease liabilities	15	**8,092**	–
Current income tax liabilities		**1,453**	1,432
Other payables and accrued liabilities	14	**54,001**	52,664
		107,929	104,937
Total liabilities		**5,132,233**	5,040,650
EQUITY			
Capital and reserves			
Share capital	16	**156,775**	156,775
Reserves		**2,802,925**	2,315,819
Total equity		**2,959,700**	2,472,594
Total equity and liabilities		**8,091,933**	7,513,244

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2019
(with comparatives for the six months ended 30 June 2018)

		(Unaudited) For the six months ended 30 June	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
Revenue	*2*	**83,751**	64,070
Other income		**65**	2,279
Depreciation	*3 and 7*	**(10,012)**	(1,020)
Other operating expenses		**(36,824)**	(37,128)
Fair value gain on investment properties	*4*	**196,658**	204,763
Operating profit		**233,638**	232,964
Net finance cost	*17*	**(85,738)**	(57,263)
Share of profits of associates	*5*	**341,445**	120,061
Profit before income tax		**489,345**	295,762
Income tax expense	*18*	**(2,169)**	(6,270)
Profit for the period		**487,176**	289,492
Other comprehensive loss			
Item that may be/has been reclassified subsequently to profit or loss:			
Currency translation difference on consolidation		**(70)**	(152)
Other comprehensive loss for the period, net of tax		**(70)**	(152)
Total comprehensive income for the period		**487,106**	289,340
Profit attributable to:			
Shareholders of the Company		**487,176**	289,492
Total comprehensive income attributable to:			
Shareholders of the Company		**487,106**	289,340

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

(with comparatives for the six months ended 30 June 2018)

		(Unaudited) For the six months ended 30 June	
	Notes	**2019**	2018
Earnings per share	*19*		
Basic		**HK31.07 cents**	HK18.47 cents
Diluted		**HK31.07 cents**	HK18.47 cents
Dividends	*20*	**–**	–

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**") of the Group for the six months ended 30 June 2019 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 (the "**Stock Exchange**") ("**Listing Rules**").

The interim financial information should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

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 of the Group for the year ended 31 December 2018.

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 2018 except for the adoption of amendment to HKFRSs effective for the financial year ending 31 December 2019.

New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period, and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting HKFRS 16 'Leases'.

The impact of the adoption of the leasing standard and the new accounting policies are disclosed below. The other standards did not have any impact on the Group's accounting policies and did not require any retrospective adjustments.

Changes in accounting policies

This note explains the impact of the adoption of HKFRS 16 'Leases' on the Group's condensed consolidated financial statements and discloses the new accounting policies that have been applied from 1 January 2019 below.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated balance sheet on 1 January 2019.

1. **BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)**

Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.43%.

The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application on 1 January 2019.

	2019
	HK$'000
Operating lease commitments disclosed as at 31 December 2018	**36,424**
Discounted using the lessee's incremental borrowing rate of at the date of initial application	**34,868**
Lease liability recognised as at 1 January 2019	**34,868**
Of which are:	
Current lease liabilities	**12,204**
Non-current lease liabilities	**22,664**
	34,868

The recognised right-of-use assets relate to the following types of assets:

	30 June 2019	1 January 2019
	HK$'000	*HK$'000*
Properties	**29,212**	37,148
Total right-of-use assets	**29,212**	37,148

As at 1 January 2019, right-of-use assets were measured at the amount equal to the lease liability, including an estimate of costs to be incurred by the Group of HK$2,280,000 in dismantling and removing the underlying asset.

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Right-of-use assets – increase by HK$37,148,000
- Lease liabilities – increase by HK$34,868,000
- Provision – increase by HK$2,280,000

The net impact on reserves on 1 January 2019 was nil.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(i) Impact on segment disclosures and earnings per share

Reportable segment net profits and segment assets for the period ended 30 June 2019 have changed as a result of the change in accounting policy.

The following segments were affected by the change in policy:

	Reportable segment net profits *HK$'000*	Segment assets *HK$'000*
Property investment	**(357)**	**24,523**
Financial services	**–**	**–**
	(357)	**24,523**

Earnings per share of the Group decreased from HK31.19 cents to HK31.07 cents per share for the six months ended 30 June 2019 as a result of the adoption of HKFRS 16.

(ii) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics

- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group leases various offices and buildings. Rental contracts are typically made for fixed periods of 1 to 3 years.

Until 31 December 2018, leases of properties were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the terms of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability, and

- restoration costs.

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. The Company's management has determined the operating segments based on these reports.

The Group has two reportable segments, property investment and financial services segments for the periods ended 30 June 2019 and 2018.

Property investment segment holds various retail, commercial and industrial properties in Hong Kong. It derives revenue through leasing out its properties.

Financial services segment mainly holds 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 (Chapter 571 of the Laws of Hong Kong) (the "**SFO**").

The chief operating decision-maker assesses the performance of the operating segments based on 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 2018 and Note 1 above.

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 (if any) between reportable segments are accounted for on arm's length basis.

Revenue for the six months ended 30 June 2019 and the six months ended 30 June 2018 consists of revenue from property investment and financial services segments. The revenue for the six months ended 30 June 2019 and 30 June 2018 were HK$83,751,000 and HK$64,070,000 respectively.

The segment information for the six months ended 30 June 2019 and 2018 is as follows:

(a) Reportable segment profit or loss

For the six months ended 30 June 2019

		(Unaudited)	
	Property investment	**Financial services**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Revenue from external customers	**60,056**	**23,695**	**83,751**
Reportable segment net profit	**215,224**	**3,693**	**218,917**

For the six months ended 30 June 2018

		(Unaudited)	
	Property investment	Financial services	Total
	HK$'000	*HK$'000*	*HK$'000*
Revenue from external customers	32,923	31,147	64,070
Reportable segment net profit	223,914	12,112	236,026

2. REVENUE AND SEGMENT INFORMATION (continued)

(b) Reconciliation of reportable segment profit or loss

	(Unaudited) For the six months ended 30 June **2019** *HK$'000*	2018 *HK$'000*
Net profit for reportable segments	**218,917**	236,026
Reconciling items:		
Share of profits of associates under equity method of accounting	**341,445**	120,061
Finance cost for the acquisition of an associate *(Note)*	**(65,081)**	(53,303)
Other corporate and treasury activities	**(8,105)**	(13,292)
Profit for the period	**487,176**	289,492

Note: The finance cost of HK$65,081,000 (30 June 2018: HK$53,303,000) is not allocated to the above reportable segments as this finance cost was incurred for the acquisition of an associate. Please refer to Notes 5 and 12 for details.

3. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment *HK$'000*	**Office equipment** *HK$'000*	**Office furniture** *HK$'000*	**(Unaudited) Leasehold Improvement** *HK$'000*	**Buildings** *HK$'000*	**Vehicle** *HK$'000*	**Total** *HK$'000*
Net book value at 1 January 2019	**11**	**944**	**628**	**1,809**	**–**	**681**	**4,073**
Additions	**2**	**–**	**–**	**–**	**–**	**–**	**2**
Reclassification *(Note (a))*	**–**	**–**	**–**	**–**	**629,750**	**–**	**629,750**
Depreciation	**(2)**	**(127)**	**(58)**	**(767)**	**(1,050)**	**(72)**	**(2,076)**
Net book value at 30 June 2019	**11**	**817**	**570**	**1,042**	**628,700**	**609**	**631,749**
At 30 June 2019							
Cost	**2,139**	**1,968**	**956**	**4,801**	**629,750**	**717**	**640,331**
Accumulated depreciation	**(2,128)**	**(1,151)**	**(386)**	**(3,759)**	**(1,050)**	**(108)**	**(8,582)**
Net book value at 30 June 2019	**11**	**817**	**570**	**1,042**	**628,700**	**609**	**631,749**

Note (a): On 1 May 2019, portions of 20th Floor and 21st Floor of Bank of America Tower together with a car parking space were reclassified from investment properties to property, plant and equipment in the condensed consolidated balance sheet as at 30 June 2019 as the owner occupies such portion of the properties as the Group's head office. For details, please refer to Note 4.

	Computer equipment *HK$'000*	Office equipment *HK$'000*	(Unaudited) Office furniture *HK$'000*	Leasehold improvement *HK$'000*	Total *HK$'000*
Net book value at 1 January 2018	–	1,335	716	3,258	5,309
Acquisition of subsidiaries *(Note 21)*	14	14	–	–	28
Additions	2	90	39	61	192
Depreciation	(1)	(190)	(65)	(764)	(1,020)
Written off	–	(175)	(14)	–	(189)
Net book value at 30 June 2018	15	1,074	676	2,555	4,320
At 30 June 2018					
Cost	2,138	1,969	947	4,782	9,836
Accumulated depreciation	(2,123)	(895)	(271)	(2,227)	(5,516)
Net book value at 30 June 2018	15	1,074	676	2,555	4,320

4. INVESTMENT PROPERTIES

	(Unaudited) **30 June** **2019** ***HK$'000***	(Audited) 31 December 2018 *HK$'000*
At 1 January 2019/2018	**3,791,800**	1,781,500
Reclassification to property, plant and equipment *(Note 3)*	**(629,750)**	–
Acquisition of subsidiaries *(Note 21)*	**–**	1,608,921
Capitalised expenses	**7,042**	818
Fair value gain	**196,658**	400,561
At 30 June 2019/31 December 2018	**3,365,750**	3,791,800

(a) On 8 March 2019, both of Sunny Bright Development Limited and Sunny Success Development Limited, being wholly-owned subsidiaries of the Company, which hold certain office units and car parking spaces of the Bank of America Tower as investment properties, received letters of offer from China Great Wall AMC (International) Holdings Company Limited ("**Great Wall International**"), an intermediate holding company, which offered to rent portion of the above premises from 1 May 2019 to 31 December 2021. The remaining premises are used as owner-occupied properties starting from 1 May 2019 and are thus reclassified from investment properties to property, plant and equipment.

(b) During the year ended 31 December 2018, the Group had completed the acquisition of Patrol Hall 12 Limited which indirectly owns Kwai Fong Plaza as disclosed in Note 21. Kwai Fong Plaza is under renovation since March 2019 which the fresh market would be converted to retail shops ("**KF Renovation**"), the renovation has not been completed as at the approval date of this interim financial information. The total cost of KF Renovation amounted to HK$21,000,000 and HK$11,100,000 of which was incurred for the period ended 30 June 2019. KF Renovation is still in progress and HK$9,900,000 of the renovation cost is committed as at 30 June 2019.

(c) The Group's investment properties were valued by independent professional valuers to determine their fair values as at 30 June 2019. The Group has adopted such valuation and recognised a fair value gain of HK$196,658,000 (30 June 2018: HK$204,763,000) 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 2018, except for the rental rates and capitalisation rates. Rental rates are estimated based on recent lettings of HK$54.0 psf to HK$85.0 psf for retail shops (30 June 2018: HK$59.0 psf to HK$110.0 psf), nil for the fresh market (30 June 2018: HK$41.0 psf), HK$3,326.0 per car parking space (30 June 2018: HK$3,148.0 per car parking space), HK$33.7 psf to HK$106.5 psf for office buildings (30 June 2018: HK$36.0 psf to HK$95.5 psf), and HK$13.3 psf to HK$31.0 psf for industrial properties (30 June 2018: HK$12.5 psf to HK$28.0 psf). With other variable(s) held constant, the lower the rents, the lower the fair value.

At 30 June 2019, capitalisation rates of 2.50% to 3.75% (at 30 June 2018: 2.50% to 3.75%) are used in the income capitalisation approach for retail shops, car parking spaces, office buildings and industrial properties. With other variable(s) held constant, the higher the rates, the lower the fair value.

The investment properties have been measured at fair value as at 30 June 2019, by the level 3 (30 June 2018: level 3) in the fair value hierarchy into which the fair value treatment is categorised. 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. INVESTMENT IN ASSOCIATES

	(Unaudited) **30 June** **2019** ***HK\$'000***	(Audited) 31 December 2018 *HK\$'000*
At 1 January 2019/2018	**3,405,706**	2,607
Investment in an associate	**–**	3,123,382
Share of profits of associates	**341,445**	279,717
Dividend from an associate	**(7,475)**	–
At 30 June 2019/31 December 2018	**3,739,676**	3,405,706

On 28 November 2017, GWPA Property I Holding Limited ("**GWPA Property**"), a wholly-owned subsidiary of the Company, had entered into the shareholders agreement (which was amended and restated on 15 February 2018, 12 April 2018 and 13 March 2019 respectively) with other investors regarding the formation of a joint venture, Everwell City Limited ("**Everwell City**"), of which GWPA Property agreed to subscribe for 29.9% of class A ordinary shares of Everwell City. Everwell City had participated into a bidding for and won the bid for the purchase of a portfolio of assets comprising 17 diversified commercial properties and shopping centres, plazas and carparks across Hong Kong (the "**Portfolio Assets**").

Under the said shareholders agreement, GWPA Property also agreed to provide an interest-free advance of not more than HK$743,000,000 to Everwell City in consideration of the grant of a call option which entitled GWPA Property to purchase the relevant subsidiaries of the joint venture group which indirectly hold one of the Portfolio Assets, and the actual amount of such interest-free advance provided to Everwell City by GWPA Property was HK$725,051,488.

The Group's capital contribution to Everwell City was completed on 22 February 2018 and the actual contribution paid to Everwell City by GWPA Property was HK$3,123,382,161, which was financed by loan from the intermediate holding company of the Company. The purchase of the Portfolio Assets by Everwell City was completed on 28 February 2018.

The Company exercised the call option in May 2018 and completed the acquisition of Patrol Hall 12 Limited and its subsidiary, the major asset of which is Kwai Fong Plaza. Please refer to Note 21 for details of the acquisition of subsidiaries from Everwell City.

Summarised financial information for the principal associate

Set out below is the summarised financial information for Everwell City as at 30 June 2019, which is accounted for using the equity method. In the opinion of the directors, Everwell City is material to the Group.

Summarised balance sheet

	(Unaudited) **30 June** **2019** ***HK\$'000***	30 June 2018 *HK\$'000*
Non-current assets	**25,490,402**	23,740,874
Current assets	**323,221**	148,451
Non-current liabilities	**(23,483,834)**	(23,396,422)
Current liabilities	**(272,460)**	(90,511)
	2,057,329	402,392

5. INVESTMENT IN ASSOCIATES (continued)

Summarised financial information for the principal associate (continued)

Summarised statement of comprehensive income

	(Unaudited) For the six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Revenue	**463,047**	287,200
Profit and total comprehensive income for the period	**936,323**	336,960

Reconciliation of summarised financial information

	(Unaudited)	
	30 June	30 June
	2019	2018
	HK$'000	*HK$'000*
Net profit attributable to equity holders	**957,216**	336,260
Group's shareholdings *(Note (a))*	**35.78%**	35.78%
Group's share of net profit attributable to equity holders *(Note (b))*	**342,492**	120,061

	(Unaudited)	(Audited)
	30 June	31 December
	2019	2018
	HK$'000	*HK$'000*
Amounts due from/(to) associates	**213**	(958)

The balances represent the amounts due from/(to) Dymocks Franchise Systems (China) Limited and its immediate holding Company. They are unsecured and interest-free.

Notes:

(a) On 12 April 2018, one of the existing shareholders of Everwell City had syndicated a portion of its interests to a new investor. Due to regulatory reasons, the new investor had to directly acquire a stake in each underlying Hong Kong subsidiaries of Everwell City and as such, the Group's interests in such Hong Kong subsidiaries had been diluted. To facilitate the new investor's acquisition, the Group's shareholding percentage in Everwell City had been adjusted accordingly and the Group's interest in Everwell City had been increased to 35.78% so as to maintain the Group's effective economic interests in the relevant Hong Kong subsidiaries and underlying assets at approximately 29.9% following the acquisition. Notwithstanding such adjustment, the proportionate voting rights of the existing shareholders of Everwell City remain the same.

(b) The share of profits from Everwell City consisted of:

1. Share of profits of 29.9% from 22 February 2018 to 11 April 2018;

2. Share of profits of 35.78% from 12 April 2018,

As described in Note (a), the effective share of profits of the Group from each underlying Hong Kong subsidiaries of Everwell City remains at approximately 29.9% notwithstanding such increase in shareholding in Everwell City.

6. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) **30 June** **2019** ***HK$'000***	(Audited) 31 December 2018 *HK$'000*
At market value		
Investment in fund, unlisted in the People's Republic of China	**1,137**	1,141

The above investment has been measured at fair value as at 30 June 2019, and is classified under level 3 in the fair value hierarchy.

	(Unaudited)			
	Level 1 ***HK$'000***	**Level 2** ***HK$'000***	**Level 3** ***HK$'000***	**Total** ***HK$'000***
Financial asset at fair value through profit or loss				
Investment in an investment fund	**–**	**–**	**1,137**	**1,137**

There was no transfer between levels during the period ended 30 June 2019 and the year ended 31 December 2018.

The financial asset at fair value through profit or loss under level 3 (31 December 2018: level 3) fair value measurement represents the investment in limited partnership which is owned by Shen Zhen Great Wall Pan Asia International Equity Investment Fund Management Company* (深圳長城環亞國際股權投資基金管理有限公司), a wholly-owned subsidiary of the Company and is not traded in the active market.

As at 30 June 2019 and 31 December 2018, the Group contributed RMB1,000,000 to the limited partnership, which represents 0.03% of the equity interest in the limited partnership.

7. RIGHT-OF-USE ASSETS

The following represents the Group's right-of-use assets as at 1 January 2019 and 30 June 2019 and the movement during the period due to adoption of HKFRS 16. Refer to Note 1 for details:

	(Unaudited) **30 June** **2019** ***HK$'000***
Balance as at 1 January 2019	**37,148**
Depreciation	**(7,936)**
Balance as at 30 June 2019	**29,212**

8. LOAN RECEIVABLE

As at 30 June 2019, loan receivable of HK$115,904,000 (31 December 2018: HK$115,903,000) represents the 15 million United States dollars ("**US$**") second lien term loan with a maturity date on 22 January 2026. The loan receivable bears interest at London Interbank Offered Rate plus 8% per annum. The carrying value of the loan receivable approximates to its fair value. In deriving the expected credit losses ("**ECL**"), the Directors of the Company exercise their judgements and consider various factors such as exposure amount at default, the probability of default, and loss given default. ECL of the loan receivable as at 30 June 2019 and 31 December 2018 amounted to HK$796,000 and HK$797,000 respectively, the difference of HK$1,000 was recognised in the consolidated statement of comprehensive income for the period ended 30 June 2019.

9. AMOUNT DUE FROM AN INTERMEDIATE HOLDING COMPANY

As at 30 June 2019, the amount due from an intermediate holding company of HK$1,398,000 represents rental receivables for the period ended 30 June 2019 from Great Wall International, an intermediate holding company, which rents portion of certain office units and car parking spaces of the Bank of America Tower owned by the Group from 1 May 2019. For details, please refer to Note 4.

10. ACCOUNTS RECEIVABLE

An ageing analysis of accounts receivable as at the end of the reporting period is as follows:

	(Unaudited)		(Audited)	
	30 June 2019		31 December 2018	
	Balance	**Percentage**	Balance	Percentage
	HK$'000	***%***	*HK$'000*	*%*
Current	**2,268**	**31.3**	2,226	72.6
Less than 30 days past due	**3,606**	**49.8**	236	7.7
31 to 60 days past due	**1,106**	**15.3**	119	3.9
61 to 90 days past due	**130**	**1.8**	103	3.4
Over 90 days past due	**135**	**1.8**	380	12.4
Total	**7,245**	**100.0**	3,064	100.0

Accounts receivable past due but not impaired represents balance that the Group considered to be fully recoverable based on the past experience.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 30 June 2019, the balance represents mainly the rental deposits paid of HK$5,106,000 (31 December 2018: HK$5,106,000) and utility and management fee deposits of HK$3,594,000 (31 December 2018: HK$3,346,000).

12. LOANS FROM AN INTERMEDIATE HOLDING COMPANY

During the year ended 31 December 2017, an intermediate holding company, Great Wall International, had agreed to provide loan facilities up to HK$4,130,000,000 for financing the Group's investment in a joint venture as described in Note 5. As at 30 June 2019 and 31 December 2018, the Group has drawn down HK$3,848,434,000. The loan from an intermediate holding company is denominated in HK$, interest bearing at Hong Kong Interbank Offered Rate plus 1.9% and is repayable by November 2022.

During the six months ended 30 June 2018, Great Wall International had further agreed to provide loan facilities up to US$8,557,300 (equivalent to HK$66,576,000). As at 30 June 2019 and 31 December 2018, the Group has drawn down US$8,557,300 which is equivalent to approximately HK$66,576,000. The loan is denominated in US$, interest bearing at 3.5% and is repayable by February 2026.

The Directors of the Company consider the loans are on normal commercial terms. The carrying values of the loans approximate their fair values.

13. BANK BORROWINGS

	(Unaudited) **30 June** **2019** ***HK$'000***	(Audited) 31 December 2018 *HK$'000*
Non-current		
Bank loan *(Note (a))*	**895,412**	893,529
Current		
Bank loan *(Note (b))*	**44,346**	49,792
	939,758	943,321

Notes:

(a) During the six months ended 30 June 2018, the Group had acquired a subsidiary with an existing bank loan of HK$891,308,000. The loan is denominated in HK$ and repayable by 2021. The effective interest rate of the loan for the six months ended 30 June 2019 is 3.50% (for the six months ended 30 June 2018: 2.86%). As at 30 June 2019, the Group has undrawn bank facility of approximately HK$35,000,000 (31 December 2018: HK$35,000,000). As at 30 June 2019, the Group has pledged an investment property of fair value of HK$1,813,000,000 (31 December 2018: HK$1,680,000,000) and a restricted cash of HK$9,605,000 (31 December 2018: HK$9,199,000) to the lender, as a collateral of bank loan.

(b) During the six months ended 30 June 2018, the Group had drawn down an US$ loan of US$6,400,000 which is equivalent to HK$49,792,000 and the loan was repayable on 1 February 2019. On 1 February 2019, the Group and the bank entered into a supplemental letter to extend the repayment term of the loan facility to 1 February 2020. During the six months ended 30 June 2019, the Group has repaid US$700,000 which is equivalent to HK$5,446,000. The effective interest rate of the loan for the six months ended 30 June 2019 is 4.34% (for the six months ended 30 June 2018: 3.77%). As at 30 June 2019 and 31 December 2018, there was no undrawn bank facility.

(c) In addition to the undrawn bank facility mentioned in (a), as at 30 June 2019, the Group had an undrawn bank facility of principal amount of HK$300,000,000 (31 December 2018: HK$300,000,000).

The carrying amounts of bank borrowings approximate their fair values, and are denominated in the following currencies:

	(Unaudited) **30 June** **2019** ***HK$'000***	(Audited) 31 December 2018 *HK$'000*
HK$	**895,412**	893,529
US$	**44,346**	49,792
	939,758	943,321

14. OTHER PAYABLES AND ACCRUED LIABILITIES

	(Unaudited) **30 June** **2019** ***HK$'000***	(Audited) 31 December 2018 *HK$'000*
Interest payable	**193,143**	125,463
Other payables and accrued expenses	**20,746**	22,574
Rental received in advance	**16,721**	18,739
Deposits received from tenants	**14,364**	9,950
Others	**525**	1,200
	245,499	177,926
Represented by:		
Non-current portion	**191,498**	125,262
Current portion	**54,001**	52,664
	245,499	177,926

15. LEASE LIABILITIES

The following represents the Group's lease liabilities (as at 1 January 2019 and 30 June 2019) and the movement during the period due to adoptions of HKFRS 16. Refer to Note 1 for details:

	(Unaudited) **30 June** **2019** ***HK$'000***
Balance as at 1 January 2019	**34,868**
Interest expenses	**552**
Lease payment	**(6,960)**
Balance as at 30 June 2019	**28,460**
Represented by:	
Non-current portion	**20,368**
Current portion	**8,092**
	28,460

16. SHARE CAPITAL

	(Unaudited) **30 June 2019**		(Audited) 31 December 2018	
	Number of shares	**Amount** ***HK$'000***	Number of shares	Amount *HK$'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 and ending balance	**1,567,745,596**	**156,775**	1,567,745,596	156,775

17. NET FINANCE COST

	(Unaudited) For the six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Finance cost/(income)		
– Interest expense on the loans from an intermediate holding company *(Note 12)*	**66,236**	54,082
– Interest expenses on bank loans *(Note 13)*	**16,936**	2,757
– Interest expenses on lease liabilities	**592**	–
– Arrangement fee	**2,105**	471
– Interest income from bank	**(131)**	(47)
	85,738	57,263

18. INCOME TAX EXPENSE

Hong Kong profits tax has been provided for at a rate of 16.5% (2018: 16.5%) on the estimated assessable profit for the period.

	(Unaudited) For the six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Current income tax		
Hong Kong profits tax	**2,065**	6,202
Deferred income tax		
Deferred tax expense	**104**	68
	2,169	6,270

The movement on the deferred income tax liabilities is as follow:

	(Unaudited)	(Audited)
	2019	2018
	HK$'000	*HK$'000*
At 1 January	**1,913**	1,814
Charged to profit for the period/year	**104**	99
At 30 June/31 December	**2,017**	1,913

19. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to shareholders of HK$487,176,000 (for the six months ended 30 June 2018: HK$289,492,000), and the weighted average of 1,567,745,596 shares in issue (for the six months ended 30 June 2018: 1,567,745,596 shares in issue) during the period.

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 (determined with reference to the latest available market share price of the Company's shares) 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. As at 30 June 2019 and 2018, there are no outstanding options to be exercised. Accordingly, there was no potential dilutive ordinary shares during the six months ended 30 June 2019 and 2018.

20. DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: Nil).

The Board had resolved not to recommend any payment of final dividend for the year ended 31 December 2018.

21. BUSINESS COMBINATION

As set out in Note 5, under the shareholders agreement, GWPA Property was granted a call option (the "**Option**") to acquire one of the Portfolio Assets. On 11 May 2018, GWPA Property exercised the Option for the purchase of the sale shares (representing the entire issued shares of Patrol Hall 12 Limited ("**Patrol Hall 12**")) and the sale loan (representing all of the shareholder's loan owed by Patrol Hall 12). GWPA Property had designated Great Wall Pan Asia Property Investment Limited, a wholly-owned subsidiary of the Company, to take up the sale shares and the sale loan on completion. Purchase price of HK$725,051,488 was paid on 13 June 2018 (the "**Completion Date**") by setting off against the outstanding amount of the advance of HK$725,051,488 owed by Everwell City to GWPA Property. On 13 June 2018, the Group completed the acquisition of Patrol Hall 12 and its wholly-owned subsidiary, Ray Glory Limited, directly owning Kwai Fong Plaza.

As a result of the above acquisition, the Group had recognised a gain of HK$1,513,351 upon exercising the Option in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2018.

Acquisition of subsidiaries

	(Unaudited) **30 June 2018** ***HK$'000***
Cash consideration	**725,051**
Realised gain of the Option	**1,513**
Total investment cost	**726,564**
Less: Net assets of Patrol Hall 12 as at the Completion Date	**1,513**
Amount due to the immediate holding company by Patrol Hall 12 as at the Completion Date	**725,051**
	–

21. BUSINESS COMBINATION (continued)

(a) Details of fair value of net assets acquired as at the Completion Date are as follows:

	(Unaudited) 30 June 2018 *HK$'000*
Investment property	**1,608,921**
Property, plant and equipment	**28**
Restricted cash	**7,115**
Cash and bank balances	**3,617**
Accounts receivable	**1,057**
Accrued expenses	**(2,964)**
Advance payment received from tenants	**(1,237)**
Amount due to the immediate holding company by Patrol Hall 12	**(725,051)**
Borrowing	**(891,308)**
Other assets	**1,335**
Net identifiable assets acquired	**1,513**

Notes:

(1) The acquired business had contributed revenue of HK$5,034,000 and net profit of HK$21,271,000 to the Group for the period from the Completion Date to 30 June 2018.

(2) Acquisition-related costs of HK$840,000 were included in the other operating expenses in the consolidated statement of comprehensive income for the six months ended 30 June 2018.

(b) Analysis of the net cash outflow in respect of the acquisition:

	(Unaudited) 30 June 2018 *HK$'000*
Purchase consideration	**725,051**
Less: Cash and bank balances	**(3,617)**
	721,434
Less: Restricted cash	**(7,115)**
Net cash outflows arising from acquisition	**714,319**

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS OF THE GROUP

The Group's consolidated operating results for the six months ended 30 June 2019 and 2018 were as follows:

(HK$ millions, except percentages and per share amounts)	**For the six months ended 30 June** **2019**	2018	% Change
Revenue	**83.8**	64.1	30.7%
Depreciation	**(10.0)**	(1.0)	**
Other operating expenses	**(36.8)**	(37.1)	(0.8%)
Adjusted operating profit^	**37.0**	26.0	42.3%
Other income	**–**	2.2	(100.0%)
Fair value gain on investment properties	**196.7**	204.8	(4.0%)
Operating profit	**233.7**	233.0	0.3%
Net finance cost	**(85.7)**	(57.3)	49.6%
Share of profits of associates	**341.4**	120.1	**
Profit before income tax	**489.4**	295.8	65.4%
Income tax expense	**(2.2)**	(6.3)	(65.1%)
Profit for the period	**487.2**	289.5	68.3%
Profit attributable to shareholders	**487.2**	289.5	68.3%
Earnings per share (HK cents)	**31.1**	18.5	68.1%

^ *This amount represents the operating profit before other income and fair value gain on investment properties*

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

Profit attributable to shareholders for the six months ended 30 June 2019 amounted to HK$487.2 million, representing an increase of 68.3% as compared with profit attributable to shareholders of HK$289.5 million for the six months ended 30 June 2018. Earnings per share were HK31.1 cents for the six months ended 30 June 2019, based on weighted average of 1,567,745,596 shares in issue (for the six months ended 30 June 2018: HK18.5 cents based on 1,567,745,596 shares in issue).

Excluding the revaluation gain of investment properties for the six months ended 30 June 2019 of HK$196.7 million (for the six months ended 30 June 2018: HK$204.8 million), the profit attributable to shareholders for the six months ended 30 June 2019 was HK$290.5 million (for the six months ended 30 June 2018: HK$84.7 million), representing an increase of 243.0%. The increase in profit was mainly due to the share of profits of associates of approximately HK$341.4 million for the six months ended 30 June 2019 (for the six months ended 30 June 2018: HK$120.1 million).

BUSINESS REVIEW

The Group principally engages in the operation of two segments, namely, the property investment segment and the financial services segment.

The positive results of the Group for the six months ended 30 June 2019 are primarily attributable to the contribution by the property investment segment. The Group has maintained a diversified investment property portfolio in Hong Kong which comprises Kwai Fong Plaza, certain floors of the Bank of America Tower, Yue King Building, Ko Fai Industrial Building and Seaview Estate. On the other hand, the Group has also participated in the investment in the JV Group (as defined below) which holds a diversified portfolio of properties in Hong Kong and has thus enjoyed a considerable share of profits of associates. Details of the said investment in the JV Group have been set out in the paragraph headed "share of profits of associates" in the section headed "Management Discussion and Analysis". The Group continues to leverage on the successful strategy in diversifying its portfolio of investment properties as outlined in our 2018 Annual Report. This strategy has proven to be successful in the first half of 2019 and we are confident that it will continue to succeed in the future so as to generate sustainable return for our shareholders.

The Group also operates in the financial services segment which comprises provision of asset management and corporate finance services (licensed by the Securities and Futures Commission of Hong Kong (the "**SFC**") to carry out Types 1, 4, 6 and 9 regulated activities) and loan investment. Although the Group recorded a year-on-year decrease in the revenue generated from the financial services segment for the period ended 30 June 2019 given the volatile financial market in the second half of 2018 and first half of 2019, as more particularly discussed in the paragraph headed "Financial Services" below, the Group will continue to explore and seize opportunities to develop its financial services segment as outlined in our 2018 Annual Report.

FINANCIAL REVIEW BY OPERATING SEGMENTS

The Group's reportable and operating segments during the six months ended 30 June 2019 are as follows:

(a) property investment segment which comprises the investments in retail shops, office buildings, industrial buildings and car parking spaces for rental income; and

(b) financial services segment which comprises provision of asset management and corporate finance services (licensed by the SFC to carry out Types 1, 4, 6 and 9 regulated activities) and loan investment.

Property Investment

	For the six months ended 30 June		
(HK$ millions, except percentages)	**2019**	2018	% Change
Revenue	**60.1**	32.9	82.7%
Adjusted EBITDA^	**40.7**	25.8	57.8%
Depreciation	**(3.7)**	(0.1)	**
Adjusted operating profit	**37.0**	25.7	44.0%
Fair value gain on investment properties and other income***	**199.4**	204.8	(2.6%)
Net finance cost	**(18.3)**	(2.5)	**
Income tax expense	**(2.9)**	(4.1)	(29.3%)
Profit attributable to shareholders#	**215.2**	223.9	(3.9%)

^ *Adjusted EBITDA is defined as earnings before interest, tax, depreciation, other income and fair value gain on investment properties.*

Including fair value gains on investment properties of HK$196.7 million for six months ended 30 June 2019 and HK$204.8 million for six months ended 30 June 2018.

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

*** *Other income represents rental income earned by the Company's wholly-owned subsidiaries for leasing portions of 20th Floor and 21st Floor of Bank of America Tower to an intermediate holding company.*

Revenue of property investment segment for the first half of 2019 was HK$60.1 million, compared with HK$32.9 million in the first half of 2018. The increase is mainly due to the revenue generated from Kwai Fong Plaza of approximately HK$32.7 million for the six months ended 30 June 2019, compared with revenue of only HK$5.0 million in the first half of 2018 as the acquisition was only completed in June 2018. As a result of reclassification of portion of certain floors of the Group's premises in Bank of America Tower to owner-occupied properties since 1 May 2019, the revenue from Bank of America Tower for the period ended 30 June 2019 decreased to HK$11.9 million, compared with HK$13.7 million in the first half of 2018.

The slight decrease in profit attributable to shareholders from property investment segment was mainly due to the slight decrease in fair value gain on investment properties. Excluding the fair value gain on investment properties and the other income, the adjusted operating profit increased by approximately HK$11.3 million, which was mainly attributable to the increase in revenue for the period.

As at the date of this announcement, the Group's diversified investment property portfolio in Hong Kong comprises Kwai Fong Plaza, certain floors of the Bank of America Tower, Yue King Building, Ko Fai Industrial Building and Seaview Estate. Fair value gain on investment properties for the first half of 2019 was HK$196.7 million, compared with HK$204.8 million in the first half of 2018.

The Group's investment properties were revalued as at 30 June 2019 by independent professionally qualified valuers, Cushman & Wakefield Limited and Savills Valuation and Professional Services Limited, both firms 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 condensed consolidated statement of comprehensive income. Fair values of the office buildings, retail shops, car parking spaces and industrial properties are derived using the income capitalisation approach. There were no changes to the valuation techniques during the period.

Financial Services

	For the six months ended 30 June		
(HK$ millions, except percentages)	**2019**	2018	% Change
Revenue	**23.7**	31.1	(23.8%)
Adjusted EBITDA^	**5.2**	15.9	(67.3%)
Depreciation	**(0.2)**	(0.2)	–
Adjusted operating profit	**5.0**	15.7	(68.2%)
Net finance cost	**(2.1)**	(1.4)	(50.0%)
Income tax credit/(expense)	**0.8**	(2.2)	**
Profit attributable to shareholders	**3.7**	12.1	(69.4%)

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

^ *Adjusted EBITDA is defined as earnings before interest, tax, depreciation and other income.*

The revenue derived from asset management services for the first half of 2019 was around HK$17.1 million (30 June 2018: HK$16.6 million). The corporate finance services fees for the first half of 2019 were around HK$0.5 million (30 June 2018: HK$10.2 million). The revenue from loan investment for the first half of 2019 was around HK$6.1 million (30 June 2018: HK$4.3 million). The decrease of the financial service income was mainly due to the decrease in the number of projects under corporate finance services as compared with the first half of 2018.

Share of Profits of Associates

Investment in associate represents the Group's equity interests in a joint venture, Everwell City Limited (together with its subsidiaries, collectively the "**JV Group**"), which owns 16 diversified commercial properties and shopping centres, plazas and carparks across Hong Kong at Cheung Hang Shopping Centre, Kai Yip Commercial Centre, Kam Tai Shopping Centre, Lei Cheng Uk Shopping Centre, On Ting Commercial Complex, Shek Lei Shopping Centre I & II, Tai Wo Hau Commercial Centre, Tsz Ching Shopping Centre, Yau Oi Commercial Centre, Yung Shing Shopping Centre, Kwai Shing East Shopping Centre, Lai Kok Shopping Centre, Lee On Shopping Centre, Retail and Car Park within Shun Tin Estate, Tsing Yi Commercial Complex and Lions Rise Mall. The Group's share of profits of associates was approximately HK$341.4 million for the first half of 2019 (30 June 2018: HK$120.1 million). This encouraging result has proven that such investment in the JV Group can enhance the Group's profitability and benefit our future development.

LIQUIDITY AND CAPITAL RESOURCES

The Group's main source of liquidity is recurring cash flows from the property investment and financial services businesses. The Group's financial position as at 30 June 2019 and 31 December 2018 were as follows:

(HK$ millions, except percentages)	**30 June 2019**	31 December 2018	% Change
Cash and bank balances	**170.4**	169.6	0.5%
Shareholders' funds	**2,959.7**	2,472.6	19.7%
Current ratio	**1.84**	1.77	4.0%
Gearing ratio	**61.3%**	65.5%	(6.4%)

The Group's cash and bank balances are held predominantly in Hong Kong dollars. The Group has no significant exposure to foreign exchange fluctuations. 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.

As at 30 June 2019, the Group had total cash and bank balances of approximately HK$170.4 million, as compared to HK$169.6 million as at 31 December 2018. The Group's gearing ratio as at 30 June 2019 was 61.3% (as at 31 December 2018: 65.5%), being calculated as total debts (which includes the loans from an intermediate holding company and bank borrowings) less cash and bank balances, over the Company's total capital employed. As at 30 June 2019, the Group had outstanding principal of unsecured shareholder loans of HK$3,915.0 million (as at 31 December 2018: HK$3,915.0 million). As at 30 June 2019, the Group has undrawn bank facility of approximately HK$335.0 million (as at 31 December 2018: HK$335.0 million), and the Group had outstanding bank borrowings of approximately HK$939.8 million as at 30 June 2019 (as at 31 December 2018: HK$943.3 million). The Group actively and regularly reviews and manages its liquidity position and financial resources and makes adjustments in light of changes in economic conditions and business development needs.

For the SFC licensed corporations under the Group, the Group has ensured that each of the licensed corporations maintains a liquidity level adequate to support the level of activities with a sufficient buffer to accommodate increases in liquidity requirements arising from potential increases in the level of business activities. During the six months ended 30 June 2019 and 2018, all the licensed subsidiaries have complied with the liquidity requirements under the Securities and Futures (Financial Resources) Rules.

Charges on Assets

As at 30 June 2019, an investment property of the Group with fair value of approximately HK$1,813.0 million and restricted cash of HK$9.6 million (as at 31 December 2018: investment property with fair value of approximately HK$1,680.0 million and restricted cash of HK$9.2 million) were pledged to secure the mortgage loan granted to the Group.

Operating Activities

Net cash generated from operating activities for the six months ended 30 June 2019 was HK$28.9 million, compared with net cash generated of HK$1,460.4 million for the six months ended 30 June 2018. The decrease in operating cash flows was mainly due to decrease in prepayments, deposits and other receivables in the prior period of the six months ended 30 June 2018.

Investing Activities

Net cash generated from investing activities for the six months ended 30 June 2019 was HK$0.2 million, compared with net cash used of HK$3,961.7 million for the six months ended 30 June 2018. The net cash generated from investing activities for the six months ended 30 June 2019 was HK$0.2 million as cash used in the addition of investment properties of HK$7.0 million was offset by the cash generated from dividend income from an associate of HK$7.5 million. The increase in investing cash flows is mainly due to the cash flow in the prior period of the six months ended 30 June 2018 used for the investment in an associate of HK$3,123.4 million and for the acquisition of business and subsidiaries of HK$721.4 million while there was no such huge investments or acquisitions during the six months ended 30 June 2019.

Financing Activities

Net cash used in financing activities for the six months ended 30 June 2019 was HK$28.1 million compared with net cash generated of HK$2,529.5 million for the six months ended 30 June 2018. The decrease in financing cash flows is mainly due to an interest of HK$15.7 million paid during the six months ended 30 June 2019 while HK$2,479.3 million shareholder's loans were received from the intermediate holding company of the Company in the prior period of the six months ended 30 June 2018.

Employees and Remuneration Policy

As at 30 June 2019, the Group had a total of 15 employees (30 June 2018: 25). As the Group's businesses continue 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 and benefit policies, which are structured in accordance to market terms and statutory requirements, aim to recognise employees with outstanding performance, motivate and reward employees in order to achieve its business performance targets, retain and attract key talents and ensure alignment with the interests of our businesses, and thereby enhancing shareholder value. In addition, other staff benefits such as medical insurance, medical check-up scheme, mandatory provident fund scheme and rental reimbursement scheme are offered to eligible employees.

The Group's employee recruitment and promotion are primarily based on individuals' merits, relevant experiences, development potentials for the positions offered and performance.

Interim Dividend

The Board has resolved not to declare any payment of interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: Nil).

Outlook

This fiscal period has been full of challenges in view of the global macroeconomy. While China's economy remains stable with enhanced resilience of economic growth, it is still confronted with complicated internal and external situations. Numerous uncertainties arising from the escalating and protracted trade friction between China and the United States which have dampened the investment sentiment in the financial market and have presented us with unprecedented severe challenges. To cope with such challenges, the Board and management of the Company fully leverage on and utilise the functions of licenses owned by the Group, and will continue to actively seize investment opportunities prudently and thoroughly in order to generate favourable returns for our shareholders while maintaining strong cash position.

Currently, the Group's investment properties continue to contribute stable stream of income. During this fiscal period, the Group has successfully diversified its tenant mix and enhanced the rental performance following the partial upgrading and renovation of its commercial asset, Kwai Fong Plaza.

Looking ahead, in the complicated and constantly-changing macro-economic environment with fierce competition, the Group will seize the development opportunities arising from the China's Guangdong-Hong Kong-Macao Greater Bay Area strategic plan and further strengthen the synergy effect by leveraging on the substantial resources from China Great Wall Asset Management Co., Ltd. ("**GWAMCC**"), our controlling shareholder, through the integration of domestic and foreign capital markets, and aggressively expanding its domestic business, to ensure the Group can make full use of its role as the sole overseas listed platform of GWAMCC Group.

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 2019, the Company has complied with the applicable principles and code provisions set out in the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix 14 to the Listing Rules, save for the deviations from code provision A.1.7 and code provision A.2.1 (for the period from 1 January 2019 to 15 March 2019) 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.1.7

Code provision A.1.7 of the Corporate Governance Code provides that if a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting. During the six months ended 30 June 2019, the Board approved the continuing connected transactions in relation to the proposed tenancies of portions of certain floors of the Group's premises in the Bank of America Tower to its controlling shareholder, Great Wall International, by way of circulation of written resolutions in lieu of physical board meeting on 8 March 2019, for which certain Director who is nominated by the controlling shareholder of the Company, was regarded as having material interests therein. However, the Directors (including the independent non-executive Directors) are of the view that such proposed tenancies and the transactions contemplated thereunder are fair and reasonable, are on normal commercial terms or better and are in the ordinary and usual course of business of the Company and are in the interests of the Company and the shareholders of the Company as a whole. In addition, Mr. Huang Hu, being the Director of the Company and a director of Great Wall International, had abstained from voting on the relevant written resolutions of the Board in approving the proposed tenancies and the transactions contemplated thereunder pursuant to the Company's Bye-Laws and the Listing Rules. Before formal execution of the written resolutions, the Directors had discussed the matters via electronic means and the Board considers that adoption of written resolutions would facilitate and maximise the effectiveness of its operation. The Board shall nevertheless review its board meeting arrangement from time to time to ensure appropriate arrangement is being taken to comply with the requirements under the Corporate Governance Code.

Code provision A.2.1

The roles of Chairman of the Board and Chief Executive Officer of the Company had been performed by Mr. Ou Peng, our former executive Director, since 9 November 2016 until his resignation form the above positions on 15 March 2019. 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 was considered to be in the best interests of the Company and its shareholders as a whole. The Company believed that the combined roles of Mr. Ou promoted unity of command and developed strong, clear and better leadership for both the Board and the management and enabled more focused development of business strategies and implementation of objectives and policies. The balance between power and accountability is maintained by the openness and cooperative spirit of the senior management and the Board, which comprise experienced and high-calibre individuals. The structure was supported by the Company's well established corporate governance structure and internal control policies. Subsequent to the appointments of Mr. Chen Zenan as Chairman of the Board and Mr. Huang Hu as Chief Executive Office on 15 March 2019 respectively, the Company has complied with the requirements under code provision A.2.1 of the Corporate Governance Code as from that date.

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 Ms. Liu Yan (Chairlady of the Audit Committee) and Dr. Song Ming, and a non-executive Director, Mr. Chen Zenan. A majority of the Audit Committee members are independent non-executive Directors, with Ms. Liu Yan and Dr. Song Ming possessing the appropriate professional qualifications and accounting and related financial management expertise.

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2019 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 2019 were also reviewed by the Group's external 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 2019 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. A majority of its members are independent non-executive Directors. 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. A majority of its members are independent non-executive Directors. The Nomination Committee currently comprises an executive Director, Mr. Chen Zenan (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 2019 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

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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 2019 containing the information required by Appendix 16 to the Listing Rules will be despatched 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
CHEN Zenan
Chairman

Hong Kong, 28 August 2019

As at the date of this announcement, the Board consists of Mr. Huang Hu and Mr. Meng Xuefeng as executive Directors of the Company, Mr. Chen Zenan and Ms. Lv Jia as non-executive Directors of the Company, and Dr. Song Ming, Dr. Sun Mingchun and Ms. Liu Yan as independent non-executive Directors of the Company.

* *For identification purpose only*