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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

ANNUAL RESULTS

The board of directors (the "**Board**" or "**Directors**") of Great Wall Pan Asia Holdings Limited (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2019, together with the comparative figures for the year ended 31 December 2018, as follows:

CONSOLIDATED BALANCE SHEET

	Notes	**31 December 2019** *HK$'000*	31 December 2018 *HK$'000*
ASSETS			
Non-current assets			
Investment properties	*4*	**3,351,200**	3,791,800
Investment in associates	*5*	**3,811,900**	3,405,706
Financial asset at fair value through profit or loss	*6*	**1,116**	1,141
Property, plant and equipment	*3*	**631,807**	4,073
Right-of-use assets	*7*	**21,986**	–
Loan receivable	*8*	**–**	115,903
Restricted cash	*12*	**10,226**	9,199
		7,828,235	7,327,822

* *For identification purpose only*

CONSOLIDATED BALANCE SHEET (continued)

	Notes	**31 December 2019** **HK$'000**	31 December 2018 HK$'000
Current assets			
Amounts due from associates	5	**65**	–
Prepayments, deposits and other receivables	10	**16,848**	12,765
Current tax recoverable		**889**	–
Accounts receivable	9	**3,740**	3,064
Cash and bank balances		**182,255**	169,593
		203,797	185,422
Total assets		**8,032,032**	7,513,244
LIABILITIES			
Non-current liabilities			
Loans from an intermediate holding company	11	**3,848,434**	3,915,009
Bank borrowings	12	**897,285**	893,529
Lease liabilities	14	**17,952**	–
Deferred income tax liabilities		**3,610**	1,913
Other payables and accrued liabilities	13	**254,549**	125,262
		5,021,830	4,935,713
Current liabilities			
Amount due to an intermediate holding company		**–**	91
Amounts due to associates	5	**–**	958
Bank borrowings	12	**–**	49,792
Lease liabilities	14	**4,712**	–
Current income tax liabilities		**3,591**	1,432
Other payables and accrued liabilities	13	**42,727**	52,664
		51,030	104,937
Total liabilities		**5,072,860**	5,040,650
EQUITY			
Capital and reserves			
Share capital	15	**156,775**	156,775
Reserves		**2,802,397**	2,315,819
Total equity		**2,959,172**	2,472,594
Total equity and liabilities		**8,032,032**	7,513,244

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
Revenue	*2*	**168,345**	144,874
Other income		**151**	2,375
Cost of production		**–**	(5,232)
Rental and utilities		**(13,559)**	(17,461)
Depreciation	*3 and 7*	**(20,914)**	(2,004)
Other operating expenses		**(63,962)**	(69,585)
Fair value gain on investment properties	*4*	**169,192**	400,561
Operating profit		**239,253**	453,528
Net finance cost	*16*	**(173,399)**	(143,674)
Share of profits of associates	*5*	**427,393**	279,717
Profit before income tax		**493,247**	589,571
Income tax expense	*17*	**(6,296)**	(6,116)
Profit for the year		**486,951**	583,455
Other comprehensive loss			
Item that may be/has been reclassified subsequently to profit or loss:			
Currency translation difference on consolidation		**(373)**	(965)
Other comprehensive loss for the year, net of tax		**(373)**	(965)
Total comprehensive income for the year		**486,578**	582,490
Profit attributable to:			
Shareholders of the Company		**486,951**	583,455
Total comprehensive income attributable to:			
Shareholders of the Company		**486,578**	582,490
Earnings per share	*18*		
Basic		**HK31.06 cents**	HK37.22 cents
Diluted		**HK31.06 cents**	HK37.22 cents

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	Attributable to owners of the Company						
		Reserves					
	Share capital	Share premium	Contributed surplus	Merger reserve	Other reserves	Retained profits	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2019	**156,775**	**50,382**	**310,841**	**(9,011)**	**333,974**	**1,629,633**	**2,472,594**
Comprehensive income							
Profit for the year	**–**	**–**	**–**	**–**	**–**	**486,951**	**486,951**
Other comprehensive loss	**–**	**–**	**–**	**–**	**(373)**	**–**	**(373)**
Total comprehensive income	**–**	**–**	**–**	**–**	**(373)**	**486,951**	**486,578**
Balance at 31 December 2019	**156,775**	**50,382**	**310,841**	**(9,011)**	**333,601**	**2,116,584**	**2,959,172**
Balance at 1 January 2018	156,775	50,382	310,841	(9,011)	334,939	1,046,178	1,890,104
Comprehensive income							
Profit for the year	–	–	–	–	–	583,455	583,455
Other comprehensive loss	–	–	–	–	(965)	–	(965)
Total comprehensive income	–	–	–	–	(965)	583,455	582,490
Balance at 31 December 2018	156,775	50,382	310,841	(9,011)	333,974	1,629,633	2,472,594

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial asset at fair value through profit or loss as further explained below.

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- HKFRS 16 "Leases"

- Interpretation 23 Uncertainty over Income Tax Treatments.

The Group had to change its accounting policies as a result of adopting HKFRS 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. This is disclosed in note 1(b). Other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(b) Changes in accounting policy and disclosures

This note explains the impact of the adoption of HKFRS 16 "Leases" on the Group's 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)**

(b) **Changes in accounting policy and disclosures (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 liabilities 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:

	31 December 2019	1 January 2019
	HK$'000	*HK$'000*
Properties	**21,986**	37,148
Total right-of-use assets	**21,986**	37,148

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

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(b) Changes in accounting policy and disclosures (continued)

Adjustments recognised on adoption of HKFRS 16 (continued)

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.

(i) Impact on segment disclosures

Reportable segment net profits and segment assets for the year ended 31 December 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	**(677)**	**21,986**
Financial services	**–**	**–**
	(677)	**21,986**

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(b) Changes in accounting policy and disclosures (continued)

Adjustments recognised on adoption of HKFRS 16 (continued)

(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 year. 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 ("**CEO**") 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 years ended 31 December 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**"). It also derives interest revenue from loan investment.

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

Revenue of the Group for the years ended 31 December 2019 and 2018 consists of revenue from property investment and financial services segments. The revenue for the years ended 31 December 2019 and 2018 were HK$168,345,000 and HK$144,874,000 respectively.

2. REVENUE AND SEGMENT INFORMATION (continued)

Substantially all the activities of the Group are based in Hong Kong and below is segment information by reportable segments:

(a) Reportable segment profit or loss

For the year ended 31 December 2019

	Property investment *HK$'000*	**Financial services** *HK$'000*	**Total** *HK$'000*
Revenue from external customers	**120,884**	**47,461**	**168,345**
Profit for reportable segments	**200,174**	**6,893**	**207,067**
Net finance cost	**(38,602)**	**(3,329)**	**(41,931)**
Depreciation	**(9,406)**	**(637)**	**(10,043)**
Income tax expense	**(6,256)**	**(40)**	**(6,296)**

For the year ended 31 December 2018

	Property investment *HK$'000*	Financial services *HK$'000*	Total *HK$'000*
Revenue from external customers	92,413	52,461	144,874
Profit for reportable segments	422,870	13,881	436,751
Net finance cost	(20,573)	(3,628)	(24,201)
Depreciation	(248)	(382)	(630)
Income tax expense	(4,640)	(1,476)	(6,116)

(b) Reconciliation of reportable segment profit or loss to profit for the year

	For the year ended 31 December	
	2019 *HK$'000*	2018 *HK$'000*
Profit for reportable segments	**207,067**	436,751
Reconciling items:		
Share of profits of associates under equity method of accounting	**427,393**	279,717
Finance cost for the acquisition of an associate *(Note)*	**(131,240)**	(119,463)
Other corporate and treasury activities	**(16,269)**	(13,550)
Profit for the year	**486,951**	583,455

Note: The finance cost of HK$131,240,000 (2018: HK$119,463,000) 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 11 for details.

3. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment *HK$'000*	Office equipment *HK$'000*	Office furniture *HK$'000*	Leasehold improvement *HK$'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	494	149	3,737	-	-	4,382
Reclassification *(Note (a))*	-	-	-	-	629,750	-	629,750
Depreciation	(5)	(306)	(118)	(1,628)	(4,198)	(143)	(6,398)
Net book value at 31 December 2019	8	1,132	659	3,918	625,552	538	631,807
At 31 December 2019							
Cost	2,139	2,462	1,105	8,538	629,750	717	644,711
Accumulated depreciation and impairment losses	(2,131)	(1,330)	(446)	(4,620)	(4,198)	(179)	(12,904)
Net book value at 31 December 2019	8	1,132	659	3,918	625,552	538	631,807

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 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*	Office furniture *HK$'000*	Leasehold improvement *HK$'000*	Vehicle *HK$'000*	Total *HK$'000*
Net book value at 1 January 2018	–	1,335	716	3,258	–	5,309
Acquisition of subsidiaries *(Note 20)*	14	14	–	–	–	28
Additions	–	90	48	80	717	935
Depreciation	(3)	(316)	(120)	(1,529)	(36)	(2,004)
Written off	–	(179)	(16)	–	–	(195)
Net book value at 31 December 2018	11	944	628	1,809	681	4,073
At 31 December 2018						
Cost	2,137	1,968	956	4,801	717	10,579
Accumulated depreciation and impairment losses	(2,126)	(1,024)	(328)	(2,992)	(36)	(6,506)
Net book value at 31 December 2018	11	944	628	1,809	681	4,073

4. INVESTMENT PROPERTIES

	2019	2018
	HK$'000	*HK$'000*
At 1 January	**3,791,800**	1,781,500
Reclassification to property, plant and equipment *(Note (a))*	**(629,750)**	–
Acquisition of subsidiaries *(Note (b))*	**–**	1,608,921
Capitalised expenses	**19,958**	818
Fair value gain	**169,192**	400,561
At 31 December	**3,351,200**	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 completed the acquisition of Patrol Hall 12 Limited which indirectly owns Kwai Fong Plaza as disclosed in Note 20. Kwai Fong Plaza was under renovation from March 2019, of which the fresh market was converted to retail shops. The renovation is completed as at 31 December 2019.

5. INVESTMENT IN ASSOCIATES

	2019	2018
	HK$'000	*HK$'000*
At 1 January	**3,405,706**	2,607
Investment in an associate	**-**	3,123,382
Share of profits of associates	**427,393**	279,717
Dividend from an associate	**(7,474)**	-
Repayment of loan from an associate	**(13,725)**	-
At 31 December	**3,811,900**	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 in a bidding for and won the bid for the purchase of a portfolio of assets comprising 17 diversified commercial properties and shopping centres, retail shops 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 holds 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.

5. **INVESTMENT IN ASSOCIATES (continued)**

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 an intermediate holding company of the Company. The purchase of the Portfolio Assets by Everwell City was completed on 28 February 2018.

During the year ended 31 December 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 20 for details of the acquisition of subsidiaries from Everwell City.

(a) Everwell City

Summarised financial information for the principal associate

Set out below is the summarised financial information for Everwell City as at 31 December 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

	2019	2018
	HK$'000	*HK$'000*
Non-current assets	**25,865,417**	24,316,855
Current assets	**275,969**	277,003
Non-current liabilities	**(23,548,603)**	(23,432,142)
Current liabilities	**(261,096)**	(224,885)

Summarised statement of comprehensive income

	2019	2018
	HK$'000	*HK$'000*
Revenue	**921,816**	737,358
Profit and total comprehensive income for the year	**1,165,605**	783,590

Reconciliation of summarised financial information

	2019	2018
	HK$'000	*HK$'000*
Net profit attributable to equity holders	**1,186,498**	783,472
Group's shareholdings *(Note (a))*	**35.78%**	35.78%
Group's share of net profit attributable to equity holders *(Note (b))*	**424,529**	280,326

(b) Dymocks

	2019	2018
	HK$'000	*HK$'000*
Amounts due from/(to) associates	**65**	(958)

5. INVESTMENT IN ASSOCIATES (continued)

The balances represent the amounts due from/(to) Dymocks 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 to 30 June 2018,

however, 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

	2019	2018
	HK$'000	*HK$'000*
At market value		
Investment in fund, unlisted in the People's Republic of China	**1,116**	1,141

The following table shows a reconciliation from the beginning balance to the ending balance for fair value measurement in Level 3 of the fair value hierarchy:

	2019	2018
	HK$'000	*HK$'000*
Opening balance	**1,141**	1,196
Exchange difference	**(25)**	(55)
Closing balance	**1,116**	1,141
Changes in unrealised losses for level 3 investment as at 31 December 2019 and 2018	**25**	55

The above investment has been measured at fair value as at 31 December 2019 and 2018, and is classified under level 3 in the fair value hierarchy.

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial asset at fair value through profit or loss				
Investment in an investment fund	–	–	1,116	1,116

There was no transfer between levels during the years ended 31 December 2019 and 2018.

The financial asset at fair value through profit or loss under 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. The Directors have determined that the carrying value of the investment based on discounted expected proceed from exercising the redemption option (2018: investment cost) represents fair value at the end of the reporting period for the investment in limited partnership.

As at 31 December 2019 and 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 31 December 2019 and the movement during the year due to adoption of HKFRS 16. Refer to Note 1 for details:

	2019
	HK$'000
Balance as at 1 January 2019	**37,148**
Depreciation *(Note (a))*	**(15,162)**
Balance as at 31 December 2019	**21,986**

Note (a): The provision for dismantling costs of HK$2,280,000 in Note 1(b) was fully settled with the amount of HK$1,710,000 during the year ended 31 December 2019. The over-provision of HK$646,000 is reversed by netting off the depreciation charges in consolidated statement of comprehensive income.

8. LOAN RECEIVABLE

As at 31 December 2019, all the loan receivable has been repaid. As at 31 December 2018, loan receivable of 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 31 December 2018 amounted to HK$797,000, which was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2018.

9. ACCOUNTS RECEIVABLE

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

	2019		2018	
	Balance	**Percentage**	Balance	Percentage
	HK$'000	***%***	*HK$'000*	*%*
Current	**2,227**	**59.5%**	2,226	72.6%
Less than 30 days past due	**918**	**24.6%**	236	7.7%
31 to 60 days past due	**319**	**8.5%**	119	3.9%
61 to 90 days past due	**200**	**5.4%**	103	3.4%
Over 90 days past due	**76**	**2.0%**	380	12.4%
Total	**3,740**	**100.0%**	3,064	100.0%

Below is an ageing analysis of accounts receivable that are past due as at the reporting date but not impaired:

	2019	2018
	HK$'000	*HK$'000*
Less than 30 days past due	**918**	236
31 to 60 days past due	**319**	119
61 to 90 days past due	**200**	103
Over 90 days past due	**76**	380
Total accounts receivable past due but not impaired	**1,513**	838

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

9. ACCOUNTS RECEIVABLE (continued)

The movements in the allowance for impairment during the year are as follows:

	2019	2018
	HK$'000	*HK$'000*
At 1 January	**–**	–
Impairment provision made	**–**	300
Accounts written off as uncollectible	**–**	(300)
At 31 December	**–**	–

The Group consider that accounts receivable, deposits and other receivables are financial instruments that have not exposed to a significant increase in credit risk since initial recognition ("**stage 1**") and considers the probability of default of accounts receivable, deposits and other receivables as at 31 December 2019 and 31 December 2018 to be close to zero as the counterparties have strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month ECL as any such impairment would be insignificant to the Group.

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 31 December 2019, the balance represents mainly the rental deposits paid of HK$5,106,000 (as at 31 December 2018: HK$5,106,000) and utility and management fee deposits of HK$3,625,000 (as at 31 December 2018: HK$3,346,000).

For credit risk management, refer to Note 9.

11. 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 an associate as described in Note 5. As at 31 December 2019, the Group has drawn down HK$3,848,434,000 (as at 31 December 2018: HK$3,848,434,000). The loan from Great Wall International is denominated in HK$, interest bearing at Hong Kong Interbank Offered Rate plus 1.9% per annum and is repayable by November 2022.

During the year ended 31 December 2018, Great Wall International has further agreed to provide loan facilities up to US$8,557,300 (equivalent to approximately HK$66,576,000). As at 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% per annum and is repayable by February 2026. During the year ended 31 December 2019, the loan of US$8,557,300 (equivalent to approximately HK$66,576,000) was fully repaid by the Group to Great Wall International as the loan receivable as mentioned in Note 8 was repaid by the debtor to the Group.

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

12. BANK BORROWINGS

	2019	2018
	HK$'000	*HK$'000*
Non-current		
Bank loan *(Note (a))*	**897,285**	893,529
Current		
Bank loan *(Note (b))*	**–**	49,792
	897,285	943,321

Notes:

(a) During the year ended 31 December 2018, the Group has acquired a subsidiary with an existing bank loan of HK$891,308,000. The loan is denominated in HK$. The effective interest rate of the loan for the year ended 31 December 2019 is 3.74% (for the year ended 31 December 2018: 3.26%) and is repayable by 2021. As at 31 December 2019 and 2018, the Group has undrawn bank facility of approximately HK$35,000,000. As at 31 December 2019, the Group has pledged an investment property of fair value of HK$1,832,000,000 (as at 31 December 2018: HK$1,680,000,000) and a restricted cash of HK$10,226,000 (as at 31 December 2018: HK$9,199,000) to the lender, as a collateral of bank loan.

(b) During the year ended 31 December 2018, the Group has 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 year ended 31 December 2019, the Group fully repaid the loan. The effective interest rate of the loan for the year ended 31 December 2019 is 3.70% (for the year ended 31 December 2018: 3.96%). As at 31 December 2019, the Group has undrawn bank facility of HK$50,000,000.

(c) Apart from the undrawn bank facilities mentioned in Note 12(a) and (b), the Group had an undrawn bank facility of principal amount of HK$300,000,000 as at 31 December 2018. On 11 October 2019, the Group entered into an agreement with another bank and obtained an additional bank facility of principal amount of HK$100,000,000. As a result, as at 31 December 2019, the Group had undrawn bank facilities of total principal amounts of HK$400,000,000 (as at 31 December 2018: HK$300,000,000).

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

	2019	2018
	HK$'000	*HK$'000*
HK$	**897,285**	893,529
US$	**–**	49,792
	897,285	943,321

13. OTHER PAYABLES AND ACCRUED LIABILITIES

	2019	2018
	HK$'000	*HK$'000*
Interest payable	**256,210**	125,463
Other payables and accrued expenses	**17,974**	22,574
Rental received in advance	**14,789**	18,739
Deposits received from tenants	**7,136**	9,950
Others	**1,167**	1,200
	297,276	177,926
Represented by:		
Non-current portion	**254,549**	125,262
Current portion	**42,727**	52,664
	297,276	177,926

14. LEASE LIABILITIES

The following represents the Group's lease liabilities (as at 1 January 2019 and 31 December 2019) and the movement during the year due to adoptions of HKFRS 16. Refer to Note 1 for details:

	2019
	HK$'000
Balance as at 1 January 2019	**34,868**
Interest expenses	**994**
Lease payment	**(13,198)**
Balance as at 31 December 2019	**22,664**
Represented by:	
Non-current portion	**17,952**
Current portion	**4,712**
	22,664

15. SHARE CAPITAL

	2019 Number of shares	2019 Amount HK$'000	2018 Number of shares	2018 Amount HK$'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

16. NET FINANCE COST

	2019 *HK$'000*	2018 *HK$'000*
Finance cost/(income)		
– Interest expense on the loans from an intermediate holding company *(Note 11)*	**133,085**	121,416
– Interest expenses on bank loans *(Note 12)*	**35,351**	19,906
– Loan arrangement fee	**4,090**	2,504
– Interest expenses on lease liabilities	**1,070**	-
– Interest income from bank	**(197)**	(152)
	173,399	143,674

17. INCOME TAX EXPENSE

Hong Kong profits tax has been provided for at the rate of 16.5% (2018: 16.5%) on the estimated assessable profit for the year. The PRC corporate income tax rate is 25% (2018: 25%). The subsidiaries operating in the PRC are loss making during the year ended 31 December 2019 and are not subject to PRC corporate income tax.

	2019 *HK$'000*	2018 *HK$'000*
Current income tax		
– Hong Kong profits tax	**5,694**	6,017
– Over-provision in prior year	**(1,095)**	–
Deferred income tax		
– Deferred tax expense	**1,697**	99
	6,296	6,116

18. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to shareholders of HK$486,951,000 (2018: HK$583,455,000) and the weighted average of 1,567,745,596 shares in issue (2018: 1,567,745,596 shares in issue) during the year.

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 31 December 2019 and 2018, there were no outstanding options to be exercised. Accordingly, there was no potential dilutive ordinary shares during the years 2019 and 2018.

19. DIVIDENDS

The Board has resolved not to declare any interim dividend or to recommend any final dividend for the year ended 31 December 2019 (31 December 2018: Nil).

20. 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, which directly owns Kwai Fong Plaza.

As a result of the above acquisition, the Group recognised a gain of HK$1,513,351 upon exercising the Option in the consolidated statement of comprehensive income for the year ended 31 December 2018.

Acquisition of subsidiaries

	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
	–

20. BUSINESS COMBINATION (continued)

Acquisition of subsidiaries (continued)

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

	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 contributed revenue of HK$35,000,000 and net profit of HK$68,482,000 to the Group for the period from the Completion Date to 31 December 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 year ended 31 December 2018.

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

	2018 *HK$'000*
Purchase consideration	725,051
Cash and bank balances	(3,617)
	721,434
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 years ended 31 December 2019 and 2018 were as follows:

(HK$ millions, except percentages and per share amounts)	For the year ended 31 December		
	2019	2018	% Change
Revenue	**168.4**	144.9	16%
Production costs	**–**	(5.2)	(100%)
Rental and utilities	**(13.6)**	(17.5)	(22%)
Other operating expenses	**(64.0)**	(69.6)	(8%)
Operating costs before depreciation	**(77.6)**	(92.3)	(16%)
Depreciation	**(20.9)**	(2.1)	**
Adjusted operating profit^	**69.9**	50.5	38%
Other income	**0.2**	2.4	(92%)
Fair value gain on investment properties	**169.2**	400.6	(58%)
Operating profit	**239.3**	453.5	(47%)
Net finance cost	**(173.4)**	(143.7)	21%
Share of profits of associates	**427.4**	279.7	53%
Income tax expense	**(6.3)**	(6.1)	3%
Profit for the year	**487.0**	583.4	(17%)
Profit attributable to shareholders	**487.0**	583.4	(17%)
Earnings per share (HK cents)	**31.1**	37.2	(17%)

^ *Adjusted operating profit is defined as 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 year ended 31 December 2019 amounted to HK$487.0 million, representing a decrease of approximately 17% as compared with profit attributable to shareholders of HK$583.4 million for the year ended 31 December 2018. Earnings per share were HK31.1 cents for the year end 31 December 2019, based on weighted average of 1,567,745,596 shares in issue (for the year ended 31 December 2018: HK37.2 cents based on 1,567,745,596 shares in issue).

Excluding the revaluation gain of investment properties for the year ended 31 December 2019 of HK$169.2 million (for the year ended 31 December 2018: HK$400.6 million), the net profit attributable to shareholders for the year ended 31 December 2019 was HK$317.8 million (for the year ended 31 December 2018: HK$182.8 million), representing a year-on-year increase of HK$135.0 million or of 73.9%. The increase in net profit attributable to shareholders (excluding revaluation gain) was mainly contributed by the operating profit generated from share of profits of associates of approximately HK$427.4 million for the year ended 31 December 2019 (for the year ended 31 December 2018: HK$279.7 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 year ended 31 December 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 "Significant Investment in relation to the Investment in an Associate and Share of Profit of an Associate" 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 year 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). Although the Group recorded a year-on-year decrease in the revenue generated from the financial services segment for the year ended 31 December 2019 given the volatile financial market in year 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.

Revenue

The consolidated revenue for the years ended 31 December 2019 and 2018 by business segments and for the Group were as follows:

	For the year ended 31 December		
(HK$ millions, except percentages)	**2019**	2018	% Change
Property investment	**120.9**	92.4	31%
Financial services	**47.5**	52.5	(10%)
Total revenue	**168.4**	144.9	16%

FINANCIAL REVIEW BY OPERATING SEGMENTS

The Group's reportable and operating segments during the year ended 31 December 2019 are as follows:

(a) property investment segment which comprises the investment 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).

Property Investment

	For the year ended 31 December		
(HK$ millions, except percentages)	**2019**	2018	% Change
Revenue	**120.9**	92.4	31%
Adjusted EBITDA^	**74.2**	47.8	55%
Depreciation	**(9.4)**	(0.3)	**
Adjusted operating profit	**64.8**	47.5	36%
Fair value gain on investment properties and other income	**180.3**	400.6	(55%)
Net finance cost	**(38.6)**	(20.6)	87%
Income tax expense	**(6.3)**	(4.6)	37%
Profit attributable to shareholders#	**200.2**	422.9	(53%)

^ *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$169.2 million for 2019 and HK$400.6 million for 2018.

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

Revenue of property investment segment for the year ended 31 December 2019 was HK$120.9 million, compared with HK$92.4 million for the year ended 31 December 2018. The increase is mainly due to the revenue generated from Kwai Fong Plaza of approximately HK$69.3 million for the year ended 31 December 2019, compared with HK$35.0 million for the year ended 31 December 2018 since the acquisition in June 2018.

The decrease in profit attributable to shareholders from property investment segment was mainly due to the decrease in fair value gain on investment properties for the year ended 31 December 2019. Excluding the fair value gain on investment properties and the tax impact, the adjusted operating profit increased by HK$17.3 million, which was mainly attributable to the increase in revenue generated from Kwai Fong Plaza.

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.

Revaluation gain on investment properties for the year ended 31 December 2019 was HK$169.2 million, compared with HK$400.6 million for the year ended 31 December 2018. The revaluation gain for the year ended 31 December 2019 was mainly contributed by the increase in fair value of Kwai Fong Plaza of around HK$132.1 million and of certain floors of the Bank of America Tower of around HK$43.8 million.

The Group's investment properties were revalued as at 31 December 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 consolidated statement of comprehensive income. Fair values of the office buildings, retail shops, car parking spaces and industrial buildings are derived using the income capitalisation approach. There were no changes to the valuation techniques during the year.

Financial Services

	For the year ended 31 December		
(HK$ millions, except percentages)	**2019**	2018	% Change
Revenue	**47.5**	52.5	(10%)
Adjusted EBITDA^	**10.9**	19.4	(44%)
Depreciation	**(0.6)**	(0.3)	100%
Adjusted operating profit	**10.3**	19.1	(46%)
Net finance cost	**(3.4)**	(3.6)	(6%)
Income tax credit	**–**	(1.6)	(100%)
Profit attributable to shareholders	**6.9**	13.9	(50%)

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

The revenue derived from asset management services for year 2019 was around HK$36.6 million (2018: HK$31.6 million, representing a year-on-year increase of 16%). The corporate finance services fees for year 2019 were around HK$1.1 million (2018: HK$10.5 million, representing a year-on-year decrease of 90%). The revenue from loan investment for year 2019 was around HK$9.8 million (2018: HK$10.4 million, representing a year-on-year decrease of 6%). The decrease of revenue generated from the financial services segment was mainly due to the drop in revenue contributed by corporate finance services as a result of the decrease in the number of projects under corporate finance services as compared with 2018.

Significant Investment in relation to the Investment in an Associate and Share of Profit of an Associate

Significant investment in an associate represents the Group's 35.78% 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 initial investment was HK$3,123.4 million in 2018. The fair value of the investment is HK$3,806.9 million as at 31 December 2019 and represents around 47.4% of the total assets of the Group. The Group's share of profit of an associate from JV Group was approximately HK$424.5 million in 2019 (2018: HK$280.2 million). This encouraging result has proven that such investment can enhance the Group's profitability and benefit our future development. The Group presently intends to hold the abovementioned equity interests in the JV Group as long-term investment.

LIQUIDITY AND CAPITAL RESOURCES

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

(HK$ millions, except percentages)	**31 December 2019**	31 December 2018	% Change
Cash and bank balances	**182.3**	169.6	7%
Shareholders' funds	**2,959.2**	2,472.6	20%
Current ratio	**3.99**	1.77	**
Gearing ratio	**60.7%**	65.5%	(7%)

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

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 meeting its working capital requirements.

As at 31 December 2019, the Group had total cash and cash equivalents of approximately HK$182.3 million, as compared to HK$169.6 million as at 31 December 2018. The Group's gearing ratio as at 31 December 2019 was 60.7% (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. The drop in gearing ratio is due to the drop in borrowings as a result of the partial repayments to both the loans from an intermediate holding company and bank borrowings amounted to HK$66.6 million and HK$49.8 million respectively following the repayment of a loan receivable by the debtor to the Group. As at 31 December 2019, the Group had outstanding principal of unsecured shareholder loans of HK$3,848.4 million (as at 31 December 2018: HK$3,915.0 million). As at 31 December 2019, the Group has undrawn bank facility of approximately HK$485.0 million (as at 31 December 2018: HK$335.0 million), and the Group had outstanding bank borrowings of approximately HK$897.3 million as at 31 December 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 year ended 31 December 2019, all the licensed subsidiaries have complied with the liquidity requirements under the Securities and Futures (Financial Resources) Rules.

Charges on Assets

As at 31 December 2019, an investment property of the Group with fair value of approximately HK$1,832.0 million (as at 31 December 2018: investment property with fair value of approximately HK$1,680.0 million) and restricted cash of HK$10.2 million (as at 31 December 2018: 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 year ended 31 December 2019 was HK$67.7 million, compared with net cash generated from operating activities of HK$1,507.4 million in 2018. The decrease in operating cash inflow was mainly due to the increase in prepayments, deposits and other receivables by HK$4.1 million during the year ended 31 December 2019 while there is a decrease in such balances by HK$1,433.6 million during the year ended 31 December 2018.

Investing Activities

Net cash generated from investing activities for the year ended 31 December 2019 was HK$112.7 million, compared with the net cash used in investing activities of HK$3,965.2 million in 2018. The cash inflow was mainly generated from repayment of loan receivable by the debtor to the Group of HK$116.7 million and repayment of loan from an associate of HK$13.7 million, netting off by capitalised expenses for investment properties of HK$20.0 million.

Financing Activities

Net cash used in financing activities for the year ended 31 December 2019 was HK$167.6 million, compared with the net cash generated of HK$2,508.9 million in 2018. During the year, HK$66.6 million loan from an intermediate holding company of the Company, HK$49.8 million bank borrowing and interest of HK$38.0 million were repaid.

Employees and Remuneration Policy

As at 31 December 2019, the Group had a total of 19 employees (as at 31 December 2018: 21). 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.

OUTLOOK

The management expects that the 2020 fiscal year will be 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 unrelenting trade disputes between China and the United States, the unsettled local social political events and the recent outbreak of COVID-19 have dampened the investment sentiment in the financial market and deepened market concerns about economic growth in year 2020, which have presented us with unprecedented severe challenges.

To cope with such challenges, the Board and management of the Company will fully leverage on the competitive edges of the Group to drive the performance of core businesses at a steady pace and will also 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 2019 fiscal year, the Group had successfully diversified its tenant mix and enhanced the rental performance following the partial upgrading and renovation of its commercial asset, Kwai Fong Plaza.

The Company expects that the operating performance of relevant assets and businesses and the estimation of changes in the fair value of investment properties will be temporarily affected, yet the management believes the current epidemic and disputes will soon be resolved, and remains confident of the long-term economic prospects of Hong Kong.

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.

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 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 year ended 31 December 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**"), save for the deviations from code provisions A.1.7, A.2.1 (for the period from 1 January 2019 to 15 March 2019) and F.1.2 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.

A detailed Corporate Governance Report setting out the Group's framework of governance and explanations about how the provisions of the Corporate Governance Code have been applied will be included in the Company's 2019 Annual Report.

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 year ended 31 December 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 from 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 the Chairman of the Board and Mr. Huang Hu as Chief Executive Officer 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.

Code provision F.1.2

Pursuant to code provision F.1.2 of the Corporate Governance Code, a board meeting should be held to discuss the appointment of the company secretary and the matter should be dealt with by a physical board meeting rather than a written resolution. The appointment of the current company secretary of the Company was dealt with by way of passing a written resolution duly signed by all the directors in October 2019. Prior to such appointment, all Directors were individually consulted with no dissenting opinion on the proposed matter. As such, it was considered that a physical board meeting was not necessary for approving the said appointment.

AUDIT COMMITTEE

The Audit Committee was established in 1998 with its defined written terms of reference (which was revised in August 2018). 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. Three meetings were held by the Audit Committee during the year.

The audited consolidated annual results of the Group for the year ended 31 December 2019 were reviewed by the Audit Committee, which was of the opinion that the preparation of such annual results complied with the applicable accounting standards and requirements and the Listing Rules, and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The Remuneration Committee was established in 2000 with its defined written terms of reference (which was revised in March 2017). 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. Two meetings were held by the Remuneration Committee during the year.

NOMINATION COMMITTEE

The Nomination Committee was established in 2005 with its defined written terms of reference (which was revised in March 2017). A majority of its members are independent non-executive Directors. The Nomination Committee currently comprises a non-executive Director, Mr. Chen Zenan (Chairman of the Nomination Committee) and two independent non-executive Directors, namely Dr. Song Ming and Dr. Sun Mingchun. One meeting was held by the Nomination Committee during the year.

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 year ended 31 December 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 year ended 31 December 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

FINAL DIVIDEND

The Board has resolved not to recommend any payment of final dividend for the year ended 31 December 2019 (for the year ended 31 December 2018: Nil).

ANNUAL GENERAL MEETING FOR THE YEAR 2020 (THE "2020 AGM")

The 2020 AGM of the Company will be held on Thursday, 18 June 2020. A circular containing, among other matters, further information relating to the 2020 AGM will be dispatched to the shareholders of the Company as soon as practicable.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the eligibility of shareholders to attend and vote at the 2020 AGM to be held on Thursday, 18 June 2020, the register of members of the Company will be closed from Friday, 12 June 2020 to Thursday, 18 June 2020, both dates inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2020 AGM, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 11 June 2020.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.gwpaholdings.com). The Annual Report of the Company for the year ended 31 December 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.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this annual results announcement have been agreed by the Group's auditor, Messrs. PricewaterhouseCoopers, to conform with the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. PricewaterhouseCoopers on this annual results announcement.

By Order of the Board
Great Wall Pan Asia Holdings Limited
CHEN Zenan
Chairman

Hong Kong, 18 March 2020

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*