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 2020

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 2020, together with the comparative figures for the year ended 31 December 2019, as follows:

CONSOLIDATED BALANCE SHEET

	Notes	**31 December 2020** ***HK$'000***	31 December 2019 *HK$'000*
ASSETS			
Non-current assets			
Investment properties	*4*	**3,183,500**	3,351,200
Investment in associates	*5*	**3,869,478**	3,811,900
Financial asset at fair value through profit or loss	*6*	**–**	1,116
Property, plant and equipment	*3*	**531,765**	631,807
Right-of-use assets	*7*	**16,913**	21,986
Deferred tax asset		**104**	–
Restricted cash	*11*	**–**	10,226
		7,601,760	7,828,235

* *For identification purpose only*

CONSOLIDATED BALANCE SHEET (continued)

	Notes	**31 December 2020** *HK$'000*	31 December 2019 *HK$'000*
Current assets			
Amounts due from associates	*5*	**161**	65
Prepayments, deposits and other receivables	*9*	**11,439**	16,848
Current tax recoverable		**2,340**	889
Accounts receivable	*8*	**4,360**	3,740
Restricted cash	*11*	**6,226**	–
Cash and bank balances		**212,537**	182,255
		237,063	203,797
Total assets		**7,838,823**	8,032,032
LIABILITIES			
Non-current liabilities			
Loan from an intermediate holding company	*10*	**3,848,434**	3,848,434
Bank borrowing	*11*	**–**	897,285
Lease liabilities	*13*	**12,994**	17,952
Deferred income tax liabilities		**6,975**	3,610
Other payables and accrued liabilities	*12*	**386,149**	254,549
		4,254,552	5,021,830
Current liabilities			
Bank borrowing	*11*	**901,032**	–
Lease liabilities	*13*	**4,958**	4,712
Current tax liabilities		**540**	3,591
Other payables and accrued liabilities	*12*	**37,047**	42,727
		943,577	51,030
Total liabilities		**5,198,129**	5,072,860
EQUITY			
Capital and reserves			
Share capital	*14*	**156,775**	156,775
Reserves		**2,483,919**	2,802,397
Total equity		**2,640,694**	2,959,172
Total equity and liabilities		**7,838,823**	8,032,032

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
Revenue	*2*	**130,239**	168,345
Other income		**109**	151
Rental and utilities		**(13,318)**	(13,559)
Depreciation	*3 and 7*	**(12,524)**	(20,914)
Impairment of property, plant and equipment	*3*	**(92,884)**	–
Other operating expenses		**(49,455)**	(63,962)
Fair value (loss)/gain on investment properties	*4*	**(170,576)**	169,192
Operating (loss)/profit		**(208,409)**	239,253
Net finance cost	*15*	**(160,929)**	(173,399)
Share of profits of associates	*5*	**57,578**	427,393
(Loss)/profit before income tax		**(311,760)**	493,247
Income tax expense	*16*	**(7,820)**	(6,296)
(Loss)/profit for the year		**(319,580)**	486,951
Other comprehensive income/(loss)			
Item that may be/has been reclassified subsequently to profit or loss:			
Currency translation difference on consolidation		**1,102**	(373)
Other comprehensive income/(loss) for the year, net of tax		**1,102**	(373)
Total comprehensive (loss)/income for the year		**(318,478)**	486,578
(Loss)/profit attributable to:			
Equity holders of the Company		**(319,580)**	486,951
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(318,478)**	486,578
(Loss)/earnings per share attributable to the equity holders of the Company:	*17*		
Basic for the year		**(HK20.38 cents)**	HK31.06 cents
Diluted for the year		**(HK20.38 cents)**	HK31.06 cents

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Attributable to equity holders of the Company						
		Reserves					
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Contributed surplus** *HK$'000*	**Merger reserve** *HK$'000*	**Other reserves** *HK$'000*	**Retained profits** *HK$'000*	**Total equity** *HK$'000*
Balance at 1 January 2020	**156,775**	**50,382**	**310,841**	**(9,011)**	**333,601**	**2,116,584**	**2,959,172**
Comprehensive (loss)/income							
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(319,580)**	**(319,580)**
Other comprehensive income	**–**	**–**	**–**	**–**	**1,102**	**–**	**1,102**
Total comprehensive loss	**–**	**–**	**–**	**–**	**1,102**	**(319,580)**	**(318,478)**
Balance at 31 December 2020	**156,775**	**50,382**	**310,841**	**(9,011)**	**334,703**	**1,797,004**	**2,640,694**
Balance at 1 January 2019	156,775	50,382	310,841	(9,011)	333,974	1,629,633	2,472,594
Comprehensive income/(loss)							
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

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with all applicable 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.

The accounting policies and methods of computation used in the preparation of this consolidation financial statements are consistent with those used in the consolidated financial statements of the Group for the year ended 31 December 2019 except for the adoption of amendment to HKFRSs effective for the financial year ending 31 December 2020.

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 year commencing 1 January 2020:

- Definition of Material – amendments to HKAS 1 and HKAS 8
- Definition of a Business – amendments to HKFRS 3
- Interest Rate Benchmark Reform – amendments to HKFRS 9, HKAS 39 and HKFRS 7
- Revised Conceptual Framework for Financial Reporting
- Annual Improvements to HKFRS Standards 2018-2020 Cycle
- Covid-19-Related Rent Concessions – amendments to HKFRS 16 and Interest Rate Benchmark Reform – amendments to HKFRS 9, HKAS 39 and HKFRS 7.

The 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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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, namely property investment and financial services segments, for the years ended 31 December 2020 and 2019.

Property investment segment holds various retail, commercial and industrial properties and car parking spaces 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 derived 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 2020 and 2019 consists of revenue from property investment and financial services segments. The revenue for the years ended 31 December 2020 and 2019 were HK$130,239,000 and HK$168,345,000 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 2020

	Property investment *HK$'000*	**Financial services** *HK$'000*	**Total** *HK$'000*
Revenue from external customers	**104,102**	**26,137**	**130,239**
(Loss)/profit for reportable segments	**(237,832)**	**1,239**	**(236,593)**
Net finance (cost)/income	(29,504)	97	(29,407)
Depreciation	(11,485)	(322)	(11,807)
Impairment of property, plant and equipment	(92,821)	–	(92,821)
Income tax expense	(6,573)	(1,247)	(7,820)

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)

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

	For the year ended 31 December	
	2020 *HK$'000*	2019 *HK$'000*
(Loss)/profit for reportable segments	**(236,593)**	207,067
Reconciling items:		
Share of profits of associates under equity method of accounting	**57,578**	427,393
Finance cost for the acquisition of an associate *(Note)*	**(131,600)**	(131,240)
Other corporate and treasury activities	**(8,965)**	(16,269)
(Loss)/profit for the year	**(319,580)**	486,951

Note: The finance cost of HK$131,600,000 (2019: HK$131,240,000) 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 10 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 2020	**8**	**1,132**	**659**	**3,918**	**625,552**	**538**	**631,807**
Additions	**–**	**–**	**–**	**293**	**–**	**–**	**293**
Impairment *(Note (a))*	**–**	**(63)**	**–**	**–**	**(92,821)**	**–**	**(92,884)**
Depreciation	**(6)**	**(244)**	**(111)**	**(649)**	**(6,298)**	**(143)**	**(7,451)**
Net book value at 31 December 2020	**2**	**825**	**548**	**3,562**	**526,433**	**395**	**531,765**
At 31 December 2020							
Cost	**2,139**	**2,402**	**1,105**	**5,327**	**629,750**	**717**	**641,440**
Accumulated depreciation and impairment losses	**(2,137)**	**(1,577)**	**(557)**	**(1,765)**	**(103,317)**	**(322)**	**(109,675)**
Net book value at 31 December 2020	**2**	**825**	**548**	**3,562**	**526,433**	**395**	**531,765**

	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 (b))*	–	–	–	–	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

Notes: *(a)* The impairment loss is related to the portions of 20th Floor and 21st Floor of Bank of America Tower together with a car parking space of which the fair value being less than the carrying value as at 31 December 2020. The cost of the premise was written down to its recoverable amount of HK$537,750,000, which was determined by referencing to the premise's fair value less costs of disposal (taking into consideration the impact of COVID-19). The main valuation inputs used were a market value of HK$97 – HK$98 psf and capitalisation rate of 2.75% as determined by an independent professional valuer. Income capitalisation approach was adopted by the independent professional valuer for valuing the premise as at 31 December 2020 and 31 December 2019. The whole amount was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2020.

(b) 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 and the circular of the Company dated 4 April 2019.

4. INVESTMENT PROPERTIES

	2020	2019
	HK$'000	*HK$'000*
At 1 January	**3,351,200**	3,791,800
Reclassification to property, plant and equipment *(Note (a))*	**–**	(629,750)
Capitalised expenses	**2,876**	19,958
Fair value (loss)/gain	**(170,576)**	169,192
At 31 December	**3,183,500**	3,351,200

(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, had 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 portion of the 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) The Group's investment properties were valued by an independent professional valuer, Savills Valuation and Professional Services Limited (2019: Cushman & Wakefield Limited and Savills Valuation and Professional Services Limited) to determine their fair values as at 31 December 2020. The Group has adopted such valuation and recognised a fair value loss of HK$170,576,000 (31 December 2019: fair value gain of HK$169,192,000) 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 2019, except for the rental rates and capitalisation rates. Rental rates are estimated based on recent lettings of HK$32.2 psf* to HK$55.0 psf for retail shops (31 December 2019: HK$55.0 psf to HK$85.0 psf*), HK$32.2 psf* to HK$98.0 psf for office buildings (31 December 2019: HK$30.7 psf* to HK$100.5 psf), HK$10.0 psf to HK$29.7 psf for industrial properties (31 December 2019: HK$13.3 psf to HK$31.0 psf) and HK$3,326.0 per car parking space (31 December 2019: HK$3,326.0 per car parking space). With other variable(s) held constant, the lower the rents, the lower the fair value. At 31 December 2020, capitalisation rates of 2.75% to 3.90% (at 31 December 2019: 2.50% to 3.75%) are used in the income capitalisation approach for retail shops, office buildings, industrial properties and car parking spaces. 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 31 December 2020, by the level 3 (31 December 2019: 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 year.

* *Yue King Building consists of retail shop and office buildings. Retail shop portion and office buildings portion as at 31 December 2019 was valued separately and rental rates of HK$85.0 psf and HK$30.7 psf were adopted respectively ("individual method") by Cushman & Wakefield Limited. As at 31 December 2020, fair valuation of the retail shop portion and office building portion were measured under a combined method by Savills Valuation and Professional Services Limited and a single rate of HK$32.2 psf was adopted ("combined method"). The fair values of Yue King Building as at 31 December 2019 and 31 December 2020 were HK$550 million and HK$468 million respectively. Management considered the change from individual method to combined method did not have material impact to the fair valuation of the properties.*

5. INVESTMENT IN ASSOCIATES

	2020	2019
	HK$'000	*HK$'000*
At 1 January	**3,811,900**	3,405,706
Share of profits of associates	**57,578**	427,393
Dividend from an associate	**–**	(7,474)
Repayment of loan from an associate	**–**	(13,725)
At 31 December	**3,869,478**	3,811,900

As of 31 December 2020 and 2019, the balances included investment in Everwell City Limited ("**Everwell City**") and Dymocks Franchise Systems (China) Limited ("**Dymocks**"). Everwell City holds commercial properties and shopping centers, plazas and carparks while Dymocks operated as a bookshop.

(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 2020, which is accounted for using the equity method. In the opinion of the Directors, Everwell City is material to the Group.

Summarised balance sheet

	2020	2019
	HK$'000	*HK$'000*
Non-current assets	**26,401,304**	25,865,417
Current assets	**363,290**	275,969
Non-current liabilities	**(23,872,628)**	(23,548,603)
Current liabilities	**(370,431)**	(261,096)

Summarised statement of comprehensive income

	2020	2019
	HK$'000	*HK$'000*
Revenue	**912,329**	921,816
Profit and total comprehensive income for the year	**158,656**	1,165,605

Reconciliation of summarised financial information

	2020	2019
	HK$'000	*HK$'000*
Net profit attributable to equity holders	**158,656**	1,186,498
Group's shareholdings	**35.78%**	35.78%
Group's share of net profit attributable to equity holders *(Note (i))*	**56,767**	424,529

(b) Dymocks

	2020	2019
	HK$'000	*HK$'000*
Amounts due from associates	**161**	65

5. INVESTMENT IN ASSOCIATES (continued)

The balances represent the amounts due from Dymocks and its immediate holding company. They are unsecured and interest-free.

Note:

(i) The effective share of profits of the Group from each underlying Hong Kong subsidiary of Everwell City remains at approximately 29.9%.

6. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	HK$'000	*HK$'000*
At market value		
Investment in fund, unlisted in the People's Republic of China ("**PRC**")	**–**	1,116

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:

	2020	2019
	HK$'000	*HK$'000*
Opening balance	**1,116**	1,141
Exchange difference	**154**	(25)
Disposal	**(1,270)**	–
Closing balance	**–**	1,116
Changes in unrealised loss for level 3 investment as at 31 December 2020 and 2019	**–**	(25)

The above investment has been measured at fair value as at 31 December 2019, 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 2020 and 2019.

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 limited liability company registered in the PRC and a wholly-owned subsidiary of the Company and is not traded in the active market. As at 31 December 2019, the Directors determined that the carrying value of the investment based on discounted expected proceed from exercising the redemption option represents fair value at the end of the reporting year for the investment in limited partnership. As at 31 December 2019, the Group contributed RMB1,000,000 to the limited partnership which represents 0.03% of the equity interest on the limited partnership. In August 2020, the investment was matured and fully exited and the realised gains of HK$267,000 has been recognised in the consolidated statement of comprehensive income.

7. RIGHT-OF-USE ASSETS

The following represents the Group's right-of-use assets and the movement during the year.

	2020	2019
	HK$'000	*HK$'000*
Balance as at 1 January	**21,986**	37,148
Depreciation *(Note (a))*	**(5,073)**	(15,162)
Balance as at 31 December	**16,913**	21,986

The total cash outflow for leases in the year ended 31 December 2020 was HK$5,416,000 (2019: HK$13,198,000).

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

8. ACCOUNTS RECEIVABLE

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

	2020		2019	
	Balance	**Percentage**	Balance	Percentage
	HK$'000	***%***	*HK$'000*	*%*
Current	**2,605**	**59.7**	2,227	59.5
Less than 30 days past due	**1,578**	**36.2**	918	24.6
31 to 60 days past due	**117**	**2.7**	319	8.5
61 to 90 days past due	**1**	**0.1**	200	5.4
Over 90 days past due	**59**	**1.3**	76	2.0
Total	**4,360**	**100.0**	3,740	100.0

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

	2020	2019
	HK$'000	*HK$'000*
Less than 30 days past due	**1,578**	918
31 to 60 days past due	**117**	319
61 to 90 days past due	**1**	200
Over 90 days past due	**59**	76
Total accounts receivable past due but not impaired	**1,755**	1,513

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

8. ACCOUNTS RECEIVABLE (continued)

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

	2020	2019
	HK$'000	*HK$'000*
At 1 January	**–**	–
Impairment provision made	**41**	–
Accounts written off as uncollectable	**(41)**	–
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 2020 and 2019 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 expected credit losses as any such impairment would be insignificant to the Group.

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 31 December 2020, the balance represents mainly the utility and management fee deposits of HK$3,697,000 (as at 31 December 2019: HK$3,625,000) and rent-free receivables of HK$5,345,000 (as at 31 December 2019: HK$5,452,000). There is no rental deposits as at 31 December 2020 (as at 31 December 2019: HK$5,106,000).

For credit risk management, refer to Note 8.

10. LOAN FROM AN INTERMEDIATE HOLDING COMPANY

During the year ended 31 December 2017, an intermediate holding company, Great Wall International, 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 2020, the Group has drawn down HK$3,848,434,000 (as at 31 December 2019: 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 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.

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

11. BANK BORROWING

	2020	2019
	HK$'000	*HK$'000*
Non-current		
Bank loan *(Note (a))*	**–**	897,285
Current		
Bank loan *(Note (a))*	**901,032**	–
	901,032	897,285

Notes:

(a) The loan is denominated in HK$ and repayable by February 2021. The effective interest rate of the loan for the year ended 31 December 2020 is 2.84 % (for the year ended 31 December 2019: 3.74%). As at 31 December 2020 and 2019, the Group has undrawn bank facility of approximately HK$35,000,000. As at 31 December 2020, the Group has pledged an investment property of fair value of HK$1,840,000,000 (31 December 2019: HK$1,832,000,000) and a restricted cash of HK$6,226,000 (31 December 2019: HK$10,226,000) 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 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 was 3.70%. As at 31 December 2020 and 2019, the Group has undrawn bank facility of HK$50,000,000.

(c) Apart from the undrawn bank facilities mentioned in (a) and (b), as at 31 December 2020 and 2019, the Group has an undrawn bank facility of principal amount of HK$400,000,000.

The carrying amount of bank borrowing approximates the fair value, and is denominated in the following currency:

	2020	2019
	HK$'000	*HK$'000*
HK$	**901,032**	897,285
	901,032	897,285

12. OTHER PAYABLES AND ACCRUED LIABILITIES

	2020	2019
	HK$'000	*HK$'000*
Interest payable	**386,938**	256,210
Deposits received from tenants	**19,042**	18,608
Other payables and accrued expenses	**12,953**	17,974
Rental received in advance	**3,106**	3,317
Others	**1,157**	1,167
	423,196	297,276
Represented by:		
Non-current portion	**386,149**	254,549
Current portion	**37,047**	42,727
	423,196	297,276

13. LEASE LIABILITIES

The following represents the Group's lease liabilities and the movement during the year.

	2020	2019
	HK$'000	*HK$'000*
Balance as at 1 January	**22,664**	34,868
Interest expenses	**704**	994
Lease payment	**(5,416)**	(13,198)
Balance as at 31 December	**17,952**	22,664
Represented by:		
Non-current portion	**12,994**	17,952
Current portion	**4,958**	4,712
	17,952	22,664

14. SHARE CAPITAL

	2020		2019	
	Number of shares	**Amount**	Number of shares	Amount
		HK$'000		*HK$'000*
Authorised:				
Ordinary shares of HK$0.10 each	**5,000,000,000**	**500,000**	5,000,000,000	500,000
Issued and fully paid:				
Opening and ending balance	**1,567,745,596**	**156,775**	1,567,745,596	156,775

15. NET FINANCE COST

	2020 HK$'000	2019 HK$'000
Finance cost/(income)		
– Interest expense on the loan from an intermediate holding company *(Note 10)*	**131,600**	133,085
– Interest expenses on bank loans *(Note 11)*	**24,840**	35,351
– Loan arrangement fee	**4,081**	4,090
– Interest expenses on lease liabilities	**704**	1,070
– Interest income from bank	**(296)**	(197)
	160,929	173,399

16. INCOME TAX EXPENSE

Hong Kong profits tax has been provided for at the rate of 16.5% (2019: 16.5%) on the estimated assessable profit for the year. The PRC corporate income tax rate is 25% (2019: 25%). The subsidiaries operating in the PRC are loss making during the year ended 31 December 2020 and 2019 and are not subject to PRC corporate income tax.

	2020 HK$'000	2019 HK$'000
Current income tax		
– Hong Kong profits tax	**4,486**	5,694
– Over-provision in prior year	**(41)**	(1,095)
Deferred income tax		
– Deferred tax expense	**3,375**	1,697
	7,820	6,296

17. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss for the year attributable to shareholders of HK$319,580,000 (profit attributable to shareholders for the year ended 31 December 2019: HK$486,951,000) and the weighted average of 1,567,745,596 shares in issue (2019: 1,567,745,596 shares in issue) during the year.

Diluted (loss)/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 2020 and 2019, there were no outstanding options to be exercised. Accordingly, there was no potential dilutive ordinary shares during the years 2020 and 2019.

The share option scheme of the Company expired on 23 May 2020.

18. DIVIDENDS

The Board has resolved not to declare any interim dividend or to recommend any final dividend for the year ended 31 December 2020 (31 December 2019: Nil).

19. SUBSEQUENT EVENTS

As at 31 December 2020, the Group has bank borrowing of HK$901,656,556 repayable by 28 February 2021. On 22 February 2021, an intermediate holding company of the Company, Great Wall International, agreed to provide a term loan of HK$901,656,556 to the Group for repaying the above-mentioned outstanding bank borrowing. The loan from Great Wall International is denominated in HK$, interest bearing at Hong Kong Interbank Offered Rate plus 1.4% per annum and is repayable by February 2022. Please refer to Note 11.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS OF THE GROUP

The Group's consolidated operating results for the years ended 31 December 2020 and 2019 were as follows:

(HK$ millions, except percentages and per share amounts)	**For the year ended 31 December** **2020**	2019	% Change
Revenue	**130.2**	168.4	(23%)
Rental and utilities	**(13.3)**	(13.6)	(2%)
Other operating expenses	**(49.4)**	(64.0)	(23%)
Operating costs before depreciation and impairment	**(62.7)**	(77.6)	(19%)
Impairment of property plant and equipment	**(92.9)**	–	**
Depreciation	**(12.5)**	(20.9)	(40%)
Adjusted operating (loss)/profit^	**(37.9)**	69.9	**
Other income	**0.1**	0.2	(50%)
Fair value (loss)/gain on investment properties	**(170.6)**	169.2	**
Operating (loss)/profit	**(208.4)**	239.3	**
Net finance cost	**(160.9)**	(173.4)	(7%)
Share of profits of associates	**57.5**	427.4	(87%)
Income tax expense	**(7.8)**	(6.3)	24%
(Loss)/profit for the year	**(319.6)**	487.0	**
(Loss)/profit attributable to equity holders	**(319.6)**	487.0	**
(Loss)/earnings per share (HK cents)	**(20.4)**	31.1	**

^ *Adjusted operating (loss)/profit is defined as operating (loss)/profit before other income and fair value (loss)/ gain on investment properties.*

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

Loss attributable to equity holders for the year ended 31 December 2020 amounted to HK$319.6 million, representing a decrease of approximately 165.6% as compared with profit attributable to equity holders of HK$487.0 million for the year ended 31 December 2019. Loss per share was HK20.4 cents for the year ended 31 December 2020, based on weighted average of 1,567,745,596 shares in issue (earnings per share for the year ended 31 December 2019: HK31.1 cents based on 1,567,745,596 shares in issue). Loss for the year ended 31 December 2020 is mainly attributable to the fair value loss on investment properties, the significant decrease in share of profits of associates and the impairment charge against the property, plant and equipment.

Excluding the revaluation loss of investment properties for the year ended 31 December 2020 of HK$170.6 million (revaluation gain of investment properties for the year ended 31 December 2019: HK$169.2 million), the net loss attributable to equity holders for the year ended 31 December 2020 was HK$149.0 million (the net profit attributable to equity holders for the year ended 31 December 2019: HK$317.8 million), representing a year-on-year decrease of HK$466.8 million or 146.9%. The swing from profit to loss was mainly due to (i) the significant decrease in share of profits of associates to approximately HK$57.5 million for the year ended 31 December 2020 (share of profits of associates for the year ended 31 December 2019: HK$427.4 million), resulting from the slowdown in the growth of fair value revaluation gains on the investment properties of an associate of the Group; and (ii) the impairment provision charge of HK$92.8 million against the property, plant and equipment ("**PP&E**") of the Group as a result of the prolonged decline in commercial property prices under the outbreak of the novel COVID-19.

BUSINESS REVIEW

The Group principally engages in the operation of two segments, namely, the property investment segment and the financial services 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 in Central, Yue King Building in Causeway Bay, Ko Fai Industrial Building in Yau Tong and Seaview Estate in North Point. On the other hand, the Group has also participated in the investment in the JV Group (as defined in the paragraph headed "Significant Investment in relation to the Investment in an Associate and Share of Profit of an Associate" on page 22 of this announcement) which holds a diversified portfolio of properties in Hong Kong. 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 borderless COVID-19 outbreak has ravaged the global economy and business activities. Coupled with the unrelenting trade disputes between China and the United States, the property market in Hong Kong, especially the commercial property market, has been double hit and far more challenging than any other time. For the year ended 31 December 2020, rental concessions of HK$3.6 million (for the year ended 31 December 2019: Nil) were provided to support our tenants according to their circumstances. For the year ended 31 December 2020, the Group's revenue decreased by 23% to HK$130.2 million and loss attributable to shareholders of HK$319.6 million was recorded (31 December 2019: profit attributable to shareholders of HK$487.0 million) due to the drastic deterioration in property market performance.

The outbreak of COVID-19 has adversely affected the property market and the fair value of the investment properties held by the Group and its associate, which resulted in the recognition of a significant loss in the fair value of the Group's investment properties of HK$170.6 million (31 December 2019: gain of HK$169.2 million) and the significant decrease in share of profits of the Group's associates to HK$57.5 million (31 December 2019: share of profits of associates of HK$427.4 million). As a result of the adverse economic effects of the COVID-19, the level of estimation uncertainty and judgement for the fair valuation of investment properties has increased since 31 December 2019. At 31 December 2020, capitalisation rates range from 2.75% to 3.90% (at 31 December 2019: range from 2.50% to 3.75%) are used in the income capitalization approach for the investment properties which are owned by the Group. With other variable(s) held constant, the higher the rates, the lower the fair value. At 31 December 2020, rental rates of HK$10.0 psf to HK$98.0 psf and HK$3,326.0 per car parking space (at 31 December 2019: HK$13.3 psf to HK$100.5 psf and HK$3,326.0 per car parking space) are used for investment properties and car parking space respectively in the income capitalisation approach. With other variable(s) held constant, the lower the rental rates, the lower the fair value. Given the unknown future impact that COVID-19 might have on the real estate market, management will keep the valuation under frequent review.

Further on the discussion of the adverse impact of COVID-19, the prolonged decline in commercial property prices under the outbreak of the novel COVID-19 has resulted in an impairment provision charge of HK$92.8 million being made against the PP&E of the Group.

Since the revaluation loss is non-cash in nature and the Group's investment properties and investment in the JV Group are held as long-term investments for stable and recurring rental income, the management considers that there is no material effect on the operating cash flow of the Group.

The Company expects that the impacts on the operating performance of relevant assets and businesses and the changes in the fair value of investment properties are temporary and the management believes the current epidemic will soon be resolved, and remains confident of the long-term economic prospects of Hong Kong. The Group will continue to leverage on the successful strategy in diversifying its portfolio of investment properties as outlined in our 2019 Annual Report 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 2020 given the volatile financial market in 2020, 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 2020 and 2019 by business segments and for the Group were as follows:

	For the year ended 31 December		
(HK$ millions, except percentages)	**2020**	2019	% Change
Property investment	**104.1**	120.9	(14%)
Financial services	**26.1**	47.5	(45%)
Total revenue	**130.2**	168.4	(23%)

FINANCIAL REVIEW BY OPERATING SEGMENTS

The Group's reportable and operating segments during the year ended 31 December 2020 are as follows:

(a) property investment segment which comprises the investment in retail shops, office buildings, industrial properties 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)	**2020**	2019	% Change
Revenue	**104.1**	120.9	(14%)
Adjusted EBITDA^	**56.4**	74.2	(24%)
Depreciation	**(11.5)**	(9.4)	22%
Impairment of property, plant and equipment	**(92.8)**	–	**
Adjusted operating (loss)/profit	**(47.9)**	64.8	**
Fair value (loss)/gain on investment properties and other income	**(153.9)**	180.3	**
Net finance cost	**(29.5)**	(38.6)	(24%)
Income tax expense	**(6.5)**	(6.3)	3%
(Loss)/profit attributable to shareholders#	**(237.8)**	200.2	**

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

Including fair value loss on investment properties of HK$170.6 million for the year ended 31 December 2020 and fair value gain on investment properties of HK$169.2 million for the year ended 31 December 2019.

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

Revenue of property investment segment for the year ended 31 December 2020 was HK$104.1 million, compared with HK$120.9 million for the year ended 31 December 2019. The decrease is mainly due to the decrease in revenue generated from the outdoor billboards at the exterior wall of Yue King Building.

The loss attributable to shareholders from property investment segment was mainly due to the fair value loss on investment properties for the year ended 31 December 2020. An adjusted operating loss of approximately HK$47.9 million was recorded for the year ended 31 December 2020, compared to an adjusted operating profit of approximately HK$64.8 million for the year ended 31 December 2019, which was mainly attributable to the recognition of impairment charge of PP&E.

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 in Central, Yue King Building in Causeway Bay (including the outdoor billboards at the exterior wall), Ko Fai Industrial Building in Yau Tong and Seaview Estate in North Point.

Revaluation loss on investment properties for the year ended 31 December 2020 was HK$170.6 million, compared with the revaluation gain of HK$169.2 million for the year ended 31 December 2019. The revaluation loss for the year ended 31 December 2020 was mainly caused by the decrease in fair value of certain floors of Yue King Building and the Bank of America Tower of around HK$82 million and HK$67.5 million respectively.

The Group's investment properties were revalued as at 31 December 2020 by an independent professionally qualified valuer, Savills Valuation and Professional Services Limited (31 December 2019: Cushman & Wakefield Limited and Savills Valuation and Professional Services Limited), which holds a recognised relevant professional qualification and has 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 retail shops, office buildings, industrial properties and car parking spaces 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)	**2020**	2019	% Change
Revenue	**26.1**	47.5	(45%)
Adjusted EBITDA^	**2.7**	10.9	(75%)
Depreciation	**(0.3)**	(0.6)	(50%)
Adjusted operating profit	**2.4**	10.3	(77%)
Net finance cost	**0.1**	(3.4)	**
Income tax credit	**(1.3)**	–	**
Profit attributable to equity holders	**1.2**	6.9	(83%)

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

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

The revenue derived from asset management services for the year ended 31 December 2020 was around HK$25.7 million (31 December 2019: HK$36.6 million, representing a year-on-year decrease of 30%). The corporate finance services fees for the year ended 31 December 2020 were around HK$0.2 million (31 December 2019: HK$1.1 million, representing a year-on-year decrease of 82%). There was no revenue from loan investment for the year ended 31 December 2020 (31 December 2019: HK$9.8 million, representing a year-on-year decrease of 100%). The decrease of the financial services income was mainly due to the repayment of the loan investment receivable in 2019 and the decrease in the number of projects under corporate finance services as compared with 2019.

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 was HK$3,863.7 million as at 31 December 2020 (31 December 2019: HK$3,806.9 million) and represents around 49.3% of the total assets of the Group as at 31 December 2020 (31 December 2019: 47.4%). The Group's share of profit of an associate from JV Group was approximately HK$56.8 million in 2020 (share of profit for the year ended 31 December 2019: HK$424.5 million). The decrease in the share of profit of an associate of the Group in 2020 is mainly due to the slowdown in the growth of fair value gains of the investment properties of the JV Group (which comprise of commercial properties), attributable to the unprecedented adverse market condition caused by the outbreak of COVID-19 pandemic in 2020. 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 2020 and 2019 were as follows:

(HK$ millions, except percentages)	**31 December 2020**	31 December 2019	% Change
Cash and bank balances	**212.5**	182.3	17%
Shareholders' funds	**2,640.7**	2,959.2	(11%)
Current ratio	**0.25**	3.99	(94%)
Gearing ratio	**63.2%**	60.7%	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 meeting its working capital requirements.

As at 31 December 2020, the Group had total cash and bank balances of approximately HK$212.5 million, as compared to HK$182.3 million as at 31 December 2019. The Group's gearing ratio as at 31 December 2020 was 63.2% (as at 31 December 2019: 60.7%), being calculated as total debts (which includes the loan from an intermediate holding company and bank borrowing) less cash and bank balances ("**net debt**"), over the Company's total capital employed. Total capital employed is equivalent to the sum of net debt and shareholders' funds. The slight increase in gearing ratio is mainly due to the drop in shareholders' funds as a result of the fair value drop of the investment properties. As at 31 December 2020, the Group had outstanding principal of unsecured shareholder loans of HK$3,848.4 million (as at 31 December 2019: HK$3,848.4 million). As at 31 December 2020, the Group has undrawn bank facility of approximately HK$485.0 million (as at 31 December 2019: HK$485.0 million), and the Group had outstanding bank borrowing of approximately HK$901.0 million as at 31 December 2020 (as at 31 December 2019: HK$897.3 million). As disclosed in Note 19, the Group has repaid the bank borrowing in February 2021 by a term loan provided by Great Wall International. 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 years ended 31 December 2019 and 2020, 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 2020, an investment property of the Group with fair value of approximately HK$1,840.0 million (as at 31 December 2019: investment property with fair value of approximately HK$1,832.0 million) and restricted cash of HK$6.2 million (as at 31 December 2019: restricted cash of HK$10.2 million) were pledged to secure the mortgage loan granted to the Group. Please refer to Note 11 for details.

Operating Activities

Net cash generated from operating activities for the year ended 31 December 2020 was HK$59.4 million, compared with net cash generated from operating activities of HK$67.7 million in 2019. The decrease in operating cash inflow was mainly due to the decrease in revenue during the year ended 31 December 2020.

Investing Activities

Net cash generated from investing activities for the year ended 31 December 2020 was HK$2.4 million, compared with the net cash generated from investing activities of HK$112.7 million in 2019. The decrease in investment cash inflow was mainly due to the one-off 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 in 2019.

Financing Activities

Net cash used in financing activities for the year ended 31 December 2020 was HK$31.5 million, compared with the net cash used in financing activities of HK$167.6 million in 2019. The decrease in financing cash outflow was mainly due to the one-off repayment of HK$66.6 million loan from an intermediate holding company of the Company and HK$49.8 million bank borrowing.

Employees and Remuneration Policy

As at 31 December 2020, the Group had a total of 21 employees (as at 31 December 2019: 19). As the Group's businesses will 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 and voluntary 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 fiscal year 2021 will be full of challenges in view of the uncertainties in the global macroeconomy due to the outbreak of COVID-19.

The COVID-19 pandemic's socio-economic impact is being experienced not just in Hong Kong, but also across the world. Numerous uncertainties arising from the unrelenting trade disputes between China and the United States coupled with the outbreak of the COVID-19 have dampened the investment sentiment in the financial market and further deepened market concerns about the economic prospects, which have presented us with unprecedented severe challenges. Nonetheless, the overall financial and business positions of the Group remain healthy.

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.

The Company is of the view that the impacts on the operating performance of relevant assets and businesses and the estimation of changes in the fair value of investment properties are temporary, and the management believes the current epidemic 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 2020, 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.2.7 and E.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 2020 Annual Report.

Code provision A.2.7

Code provision A.2.7 of the Corporate Governance Code stipulated that the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors.

During the year ended 31 December 2020, a formal meeting could not be arranged between the Chairman of the Board and the independent non-executive Directors without the presence of other Directors due to the scheduling difficulties on account of the COVID-19 pandemic situation in Hong Kong. However, the independent non-executive Directors may communicate and discuss with the Chairman of the Board directly at any time to voice their opinions and share their views on the Company's affairs. The Company considers that there are sufficient channels and communication for discussion of the Company's affairs between the Chairman and the independent non-executive Directors in the absence of other Directors.

Code provision E.1.2

Code provision E.1.2 of the Corporate Governance Code provides that, among others, the chairman of the board should attend the annual general meeting. With the COVID-19 pandemic and in light of the regulations introduced by the government of the Hong Kong Special Administrative Region, Mr. Chen Zenan, the then incumbent Chairman of the Board, did not attend the Annual General Meeting of the Company held on 18 June 2020. In order to ensure an effective communication with the shareholders of the Company, the Directors attending the AGM elected Mr. Meng Xuefeng, an executive Director and Deputy Chief Executive Officer, to chair the AGM on behalf of the Chairman pursuant to the Company's Bye-Laws to answer relevant questions from the shareholders present thereat. The external auditor of the Company, PricewaterhouseCoopers, also attended the AGM.

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, Ms. Lv Jia. 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 ended 31 December 2020.

The audited consolidated annual results of the Group for the year ended 31 December 2020 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. One meeting was held by the Remuneration Committee during the year ended 31 December 2020.

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 an executive Director, Mr. Huang Hu (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 ended 31 December 2020.

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 2020 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 2020, 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 2020 (for the year ended 31 December 2019: Nil).

ANNUAL GENERAL MEETING FOR THE YEAR 2021 (THE "2021 AGM")

The 2021 AGM of the Company will be held on Wednesday, 16 June 2021. A circular containing, among other matters, further information relating to the 2021 AGM will be despatched 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 2021 AGM to be held on Wednesday, 16 June 2021, the register of members of the Company will be closed from Wednesday, 9 June 2021 to Wednesday, 16 June 2021, 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 2021 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 Tuesday, 8 June 2021.

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 2020 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 2020 as set out in this annual results announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to conform with the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by 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 PricewaterhouseCoopers on this annual results announcement.

By Order of the Board
Great Wall Pan Asia Holdings Limited
HUANG Hu
Chairman

Hong Kong, 9 March 2021

As at the date of this announcement, the Board consists of Mr. Huang Hu and Mr. Meng Xuefeng as executive Directors of the Company, Ms. Lv Jia as non-executive Director 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*