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**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 2021**

### **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 2021, together with the comparative figures for the year ended 31 December 2020, as follows:

### **CONSOLIDATED BALANCE SHEET**

		<b>31 December 2021</b>	31 December 2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	4	<b>3,282,500</b>	3,183,500
Investment in associates	5	<b>4,561,304</b>	3,869,478
Property, plant and equipment	3	<b>524,425</b>	531,765
Right-of-use assets	6	–	16,913
Deferred tax asset		<b>104</b>	104
		<b>8,368,333</b>	<b>7,601,760</b>

\* For identification purpose only

## CONSOLIDATED BALANCE SHEET (continued)

	<i>Notes</i>	<b>31 December 2021 HK\$'000</b>	31 December 2020 HK\$'000
<b>Current assets</b>			
Amounts due from associates	5	209	161
Amount due from an intermediate holding company	7	1,300	–
Prepayments, deposits and other receivables	9	21,753	11,439
Current tax recoverable		3,157	2,340
Accounts receivable	8	2,705	4,360
Restricted cash	11	–	6,226
Cash and bank balances		<b>329,571</b>	212,537
		<b>358,695</b>	237,063
<b>Total assets</b>		<b>8,727,028</b>	7,838,823
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loan from an intermediate holding company	10	–	3,848,434
Lease liabilities	13	–	12,994
Deferred income tax liabilities		13,436	6,975
Other payables and accrued liabilities	12	–	386,149
		<b>13,436</b>	4,254,552
<b>Current liabilities</b>			
Loan from an intermediate holding company	10	4,750,091	–
Amount due to an intermediate holding company		190	–
Bank borrowing	11	–	901,032
Lease liabilities	13	1,820	4,958
Current tax liabilities		101	540
Other payables and accrued liabilities	12	560,499	37,047
		<b>5,312,701</b>	943,577
<b>Total liabilities</b>		<b>5,326,137</b>	5,198,129
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	14	156,775	156,775
Reserves		3,244,116	2,483,919
<b>Total equity</b>		<b>3,400,891</b>	2,640,694
<b>Total equity and liabilities</b>		<b>8,727,028</b>	7,838,823

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December	
		2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Revenue</b>	2	120,448	130,239
Other income and gain or losses		781	109
Rental and utilities		(14,280)	(13,318)
Depreciation	3 and 6	(10,039)	(12,524)
Impairment of property, plant and equipment and right-of-use assets	3 and 6	(4,070)	(92,884)
Other operating expenses		(48,939)	(49,455)
Fair value gain/(loss) on investment properties	4	97,074	(170,576)
<b>Operating profit/(loss)</b>		140,975	(208,409)
Net finance cost	15	(146,382)	(160,929)
Share of profits of associates	5	773,512	57,578
<b>Profit/(loss) before income tax</b>		768,105	(311,760)
Income tax expense	16	(8,427)	(7,820)
<b>Profit/(loss) for the year</b>		759,678	(319,580)
<b>Other comprehensive income</b>			
Item that may be/has been reclassified subsequently to profit or loss:			
Currency translation difference on consolidation		519	1,102
<b>Other comprehensive income for the year, net of tax</b>		519	1,102
<b>Total comprehensive income/(loss) for the year</b>		760,197	(318,478)
<b>Profit/(loss) attributable to:</b>			
Equity holders of the Company		759,678	(319,580)
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the Company		760,197	(318,478)
<b>Earnings/(loss) per share attributable to the equity holders of the Company:</b>			
Basic for the year	17	HK48.46 cents	(HK20.38 cents)
Diluted for the year		HK48.46 cents	(HK20.38 cents)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

	Attributable to equity holders of the Company						Total equity HK\$'000
	Share capital HK\$'000	Reserves				Retained profits HK\$'000	
		Share premium HK\$'000	Contributed surplus HK\$'000	Merger reserve HK\$'000	Other reserves HK\$'000		
Balance at 1 January 2021	156,775	50,382	310,841	(9,011)	334,703	1,797,004	2,640,694
<b>Comprehensive income</b>							
Profit for the year	-	-	-	-	-	759,678	759,678
Other comprehensive income	-	-	-	-	519	-	519
<b>Total comprehensive income</b>	-	-	-	-	519	759,678	760,197
<b>Balance at 31 December 2021</b>	<b>156,775</b>	<b>50,382</b>	<b>310,841</b>	<b>(9,011)</b>	<b>335,222</b>	<b>2,556,682</b>	<b>3,400,891</b>
Balance at 1 January 2020	156,775	50,382	310,841	(9,011)	333,601	2,116,584	2,959,172
<b>Comprehensive (loss)/income</b>							
Loss for the year	-	-	-	-	-	(319,580)	(319,580)
Other comprehensive income	-	-	-	-	1,102	-	1,102
<b>Total comprehensive loss</b>	-	-	-	-	1,102	(319,580)	(318,478)
<b>Balance at 31 December 2020</b>	<b>156,775</b>	<b>50,382</b>	<b>310,841</b>	<b>(9,011)</b>	<b>334,703</b>	<b>1,797,004</b>	<b>2,640,694</b>

# NOTES TO THE CONSOLIDATED 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, as further explained below.

The accounting policies and methods of computation used in the preparation of these consolidated financial statements are consistent with those used in the consolidated financial statements of the Group for the year ended 31 December 2020 except for the adoption of amendment to HKFRSs effective for the financial year ending 31 December 2021.

#### ***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 2021:

- Interest Rate Benchmark Reform – Phase 2 – amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16
- COVID-19 Related Rent Concessions beyond 30 June 2021 – amendments to HKFRS 16.

The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period except for the amendment to HKFRS 16, COVID-19 Related Rent Concessions beyond 30 June 2021. 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 2021 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 2021 and 2020.

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. Although no segment assets or liabilities is regularly provided to or reviewed by the chief operating decision-maker, monthly updates presenting the Group’s consolidated balance sheet by subsidiaries are provided for the purpose of assessment.

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 2021 and 2020 consists of revenue from property investment and financial services segments. The revenue for the years ended 31 December 2021 and 2020 were HK\$120,448,000 and HK\$130,239,000 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 2021

	Property investment <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	<u>119,148</u>	<u>1,300</u>	<u>120,448</u>
Profit/(loss) for reportable segments	<u>131,205</u>	<u>(5,167)</u>	<u>126,038</u>
Net finance cost	(15,124)	(2)	(15,126)
Depreciation	(9,286)	(48)	(9,334)
Impairment of property, plant and equipment and right-of-use assets	(4,070)	–	(4,070)
Income tax expense	<u>(8,427)</u>	<u>–</u>	<u>(8,427)</u>

For the year ended 31 December 2020

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

## 2. REVENUE AND SEGMENT INFORMATION (continued)

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

	For the year ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
Profit/(loss) for reportable segments	<u>126,038</u>	<u>(236,593)</u>
Reconciling items:		
Share of profits of associates under equity method of accounting	773,512	57,578
Finance cost for financing the Group's investment in an associate ( <i>Note</i> )	(131,240)	(131,600)
Other corporate and treasury activities	<u>(8,632)</u>	<u>(8,965)</u>
Profit/(loss) for the year	<u><u>759,678</u></u>	<u><u>(319,580)</u></u>

*Note:* The finance cost of HK\$131,240,000 (2020: HK\$131,600,000) is not allocated to the above reportable segments as this finance cost was incurred for financing the Group's investment in an associate. Please refer to Notes 5 and 10 for details.

### (c) Geographical information

The Group's operations are located in Hong Kong and the People's Republic of China ("PRC"). The PRC, for the purpose of this announcement, excludes Hong Kong Special Administrative Region of the PRC.

The revenue for the years ended 31 December 2021 and 2020 are all derived from Hong Kong, amounted to HK\$120,448,000 and HK\$130,239,000 respectively. As at 31 December 2021, the total non-current assets other than deferred tax asset located in Hong Kong and the PRC amounted to HK\$8,368,218,000 (31 December 2020: HK\$7,601,638,000) and HK\$11,000 (31 December 2020: HK\$18,000), respectively.

### (d) Information about major customers

For the year ended 31 December 2021, one customer contributed more than 10% of the Group's revenue (for the year ended 31 December 2020: one).



### 3. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Office furniture <i>HK\$'000</i>	Leasehold improvement <i>HK\$'000</i>	Buildings <i>HK\$'000</i>	Vehicle <i>HK\$'000</i>	Total <i>HK\$'000</i>
Net book value at 1 January 2021	2	825	548	3,562	526,433	395	531,765
Additions	-	75	3	56	-	-	134
Written-off	-	(208)	(154)	(33)	-	-	(395)
Depreciation	(1)	(148)	(82)	(408)	(6,297)	(143)	(7,079)
<b>Net book value at 31 December 2021</b>	<b><u>1</u></b>	<b><u>544</u></b>	<b><u>315</u></b>	<b><u>3,177</u></b>	<b><u>520,136</u></b>	<b><u>252</u></b>	<b><u>524,425</u></b>
At 31 December 2021							
Cost	18	1,330	637	5,303	629,750	717	637,755
Accumulated depreciation and impairment losses	(17)	(786)	(322)	(2,126)	(109,614)	(465)	(113,330)
<b>Net book value at 31 December 2021</b>	<b><u>1</u></b>	<b><u>544</u></b>	<b><u>315</u></b>	<b><u>3,177</u></b>	<b><u>520,136</u></b>	<b><u>252</u></b>	<b><u>524,425</u></b>

### 3. PROPERTY, PLANT AND EQUIPMENT (continued)

	Computer equipment <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Office furniture <i>HK\$'000</i>	Leasehold improvement <i>HK\$'000</i>	Buildings <i>HK\$'000</i>	Vehicle <i>HK\$'000</i>	Total <i>HK\$'000</i>
Net book value at 1 January 2020	8	1,132	659	3,918	625,552	538	631,807
Additions	–	–	–	293	–	–	293
Impairment ( <i>Note</i> )	–	(63)	–	–	(92,821)	–	(92,884)
Depreciation	(6)	(244)	(111)	(649)	(6,298)	(143)	(7,451)
Net book value at 31 December 2020	<u>2</u>	<u>825</u>	<u>548</u>	<u>3,562</u>	<u>526,433</u>	<u>395</u>	<u>531,765</u>
At 31 December 2020							
Cost	2,139	2,402	1,105	5,327	629,750	717	641,440
Accumulated depreciation and impairment losses	<u>(2,137)</u>	<u>(1,577)</u>	<u>(557)</u>	<u>(1,765)</u>	<u>(103,317)</u>	<u>(322)</u>	<u>(109,675)</u>
Net book value at 31 December 2020	<u>2</u>	<u>825</u>	<u>548</u>	<u>3,562</u>	<u>526,433</u>	<u>395</u>	<u>531,765</u>

*Note:* The impairment loss for the year ended 31 December 2020 was 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. The whole amount was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2020.

#### 4. INVESTMENT PROPERTIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At 1 January	3,183,500	3,351,200
Fair value change:		
– Capitalised expenses	1,926	2,876
– Fair value gain/(loss)	97,074	(170,576)
At 31 December	<u>3,282,500</u>	<u>3,183,500</u>

The Group leases out its investment properties under operating leases. Leases typically run for an initial period of one to eight years, with some having the option to renew, at which time all terms are renegotiated.

The Group's investment properties were valued by an independent professional valuer, Savills Valuation and Professional Services Limited (31 December 2020: Savills Valuation and Professional Services Limited) to determine their fair values as at 31 December 2021. The Group has adopted such valuation and recognised a fair value gain of HK\$97,074,000 (31 December 2020: fair value loss of HK\$170,576,000) 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 2020, except for the rental rates and capitalisation rates. Rental rates are estimated based on recent lettings of HK\$50.0 psf to HK\$58.0 psf for retail shops (31 December 2020: HK\$32.2 psf to HK\$55.0 psf), HK\$50.0 psf to HK\$96.0 psf for office buildings (31 December 2020: HK\$32.2 psf to HK\$98.0 psf), HK\$10.0 psf to HK\$29.7 psf for industrial properties (31 December 2020: HK\$10.0 psf to HK\$29.7 psf) and HK\$3,379.0 per car parking space (31 December 2020: 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 2021, capitalisation rates of 2.65% to 3.90% (at 31 December 2020: 2.75% to 3.90%) 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 2021, by the level 3 (31 December 2020: 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.

## 5. INVESTMENT IN ASSOCIATES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At 1 January	3,869,478	3,811,900
Share of profits of associates	773,512	57,578
Dividend from an associate	(67,095)	–
Repayment of loan from an associate	(14,591)	–
	<u>4,561,304</u>	<u>3,869,478</u>
At 31 December	<u>4,561,304</u>	<u>3,869,478</u>

As of 31 December 2021 and 2020, 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 car parks 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 2021, which is accounted for using the equity method. In the opinion of the Directors, Everwell City is material to the Group.

#### *Summarised balance sheet*

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets	28,674,141	26,401,304
Current assets	545,844	363,290
Non-current liabilities	(24,016,281)	(23,872,628)
Current liabilities	(315,703)	(370,431)
	<u>28,908,001</u>	<u>26,721,535</u>

#### *Summarised statement of comprehensive income*

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	1,075,258	912,329
Profit and total comprehensive income for the year	<u>1,977,653</u>	<u>158,656</u>

5. INVESTMENT IN ASSOCIATES (continued)

(a) Everwell City (continued)

*Summarised financial information for the principal associate (continued)*

*Reconciliation of summarised financial information*

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Net profit attributable to equity holders	2,165,186	158,656
Group's shareholdings	35.78%	35.78%
Group's share of net profit attributable to equity holders <i>(Note (i))</i>	<u>774,704</u>	<u>56,767</u>

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Net assets attributable to equity holders of the associate	4,084,880	2,107,227
Group's shareholdings	35.78%	35.78%
Group's share of net assets attributable to equity holders <i>(Note (i))</i>	1,461,570	753,966
Shareholders loan	3,095,063	3,109,654
Carrying amount	<u>4,556,633</u>	<u>3,863,620</u>

(b) Dymocks

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Amounts due from associates	<u>209</u>	<u>161</u>

The balances represent the amounts due from Dymocks and its immediate holding company. They are unsecured, interest-free, repayable on demand and trading in nature.

*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. RIGHT-OF-USE ASSETS

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Balance as at 1 January	16,913	21,986
Effect of lease term reassessment ( <i>Note (a)</i> )	(9,883)	–
Impairment ( <i>Note (b)</i> )	(4,070)	–
Depreciation	<u>(2,960)</u>	<u>(5,073)</u>
Balance as at 31 December	<u>–</u>	<u>16,913</u>

The total cash outflow for leases in the year ended 31 December 2021 was HK\$5,496,000 (2020: HK\$5,416,000).

### *Notes:*

- (a) On 31 July 2021, the Group signed a lease agreement to lease one of its properties with a new lessee that was within the control of the Group and considered it having impact on the usage of the underlying asset having right of use under the existing license agreement. This significant change in circumstance has caused the management to reassess whether it is reasonably certain not to exercise the termination option of the existing license agreement. Based on the reassessment date, the management decided to exercise the termination option on the coming option date, 30 April 2022.
- (b) The impairment loss is related to the licence right of the use of 1/F. to 3/F. of the exterior of the Yue King Building which value in use being less than the carrying value as at 31 July 2021. The cost of the right-of-use asset was written down to its recoverable amount of nil, which was determined by the value in use based on profit forecast. As a result, impairment loss of HK\$4,070,000 was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2021 (2020: nil).

## 7. AMOUNT DUE FROM AN INTERMEDIATE HOLDING COMPANY

As at 31 December 2021, the amount due from an intermediate holding company of HK\$1,300,000 represents mainly the consultancy income receivable for the year ended 31 December 2021 from China Great Wall AMC (International) Holdings Company Limited (“**Great Wall International**”), an intermediate holding company of the Company. The amount is unsecured, interest-free, repayable on demand and trading in nature. The Company will demand repayment within twelve months from the balance sheet date.

## 8. ACCOUNTS RECEIVABLE

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

	2021		2020	
	Balance <i>HK\$'000</i>	Percentage %	Balance <i>HK\$'000</i>	Percentage %
Current	254	8.4	2,605	59.7
Less than 30 days past due	2,060	68.3	1,578	36.2
31 to 60 days past due	211	7.0	117	2.7
61 to 90 days past due	4	0.2	1	0.1
Over 90 days past due	486	16.1	59	1.3
	<b>3,015</b>	<b>100.0</b>	4,360	100.0
Allowance for impairment	(310)		–	
Total	<b>2,705</b>		<b>4,360</b>	

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Less than 30 days past due	2,051	1,578
31 to 60 days past due	205	117
61 to 90 days past due	1	1
Over 90 days past due	194	59
Total accounts receivable past due but not impaired	<b>2,451</b>	<b>1,755</b>

## 8. ACCOUNTS RECEIVABLE (continued)

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

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

	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
At 1 January	–	–
Impairment provision made	<b>310</b>	41
Accounts written off as uncollectable	–	(41)
	<hr/>	<hr/>
At 31 December	<b><u>310</u></b>	<u>–</u>

## 9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 31 December 2021, the balance represents mainly the utility and management fee deposits of HK\$3,669,000 (as at 31 December 2020: HK\$3,697,000) and rent-free receivables of HK\$15,028,000 (as at 31 December 2020: HK\$5,345,000).

## 10. LOANS FROM AN INTERMEDIATE HOLDING COMPANY

In 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, Everwell City. As at 31 December 2021, the Group has drawn down HK\$3,848,434,000 (as at 31 December 2020: HK\$3,848,434,000). The loan from Great Wall International is denominated in HK\$, unsecured, 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 2021, Great Wall International has also agreed to provide a term loan in the principal amount of HK\$901,657,000 for repaying the Group's outstanding bank borrowing as described in Note 11. During the year, the Group has used HK\$901,657,000 to fully settle the bank borrowing. The loan from Great Wall International is denominated in HK\$, unsecured, interest bearing at Hong Kong Interbank Offered Rate plus 1.4% per annum and is repayable by February 2022.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Current</b>		
Bank loan ( <i>Note (a)</i> )	—	901,032

### *Notes:*

- (a) The loan was denominated in HK\$ and was fully repaid in February 2021. The effective interest rate of the loan for the year ended 31 December 2021 is 2.01% (for the year ended 31 December 2020: 2.84%). As at 31 December 2021, the Group had no undrawn bank facility (as at 31 December 2020: HK\$35,000,000). As at 31 December 2020, the Group had pledged an investment property of fair value of HK\$1,840,000,000 and a restricted cash of HK\$6,226,000 to the lender, as a collateral of bank loan.
- (b) In addition to the undrawn bank facilities mentioned in (a), as at 31 December 2020, the Group had an undrawn bank facility of principal amount of HK\$450,000,000. There is no undrawn bank facilities as at 31 December 2021.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
HK\$	—	901,032

## 12. OTHER PAYABLES AND ACCRUED LIABILITIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest payable	517,389	386,938
Deposits received from tenants	26,554	19,042
Other payables and accrued expenses	9,968	12,953
Rental received in advance	4,884	3,106
Others	1,704	1,157
	<u>560,499</u>	<u>423,196</u>
Represented by:		
Non-current portion	–	386,149
Current portion	560,499	37,047
	<u>560,499</u>	<u>423,196</u>

## 13. LEASE LIABILITIES

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Balance as at 1 January	17,952	22,664
Interest expenses	375	704
Lease payment	(5,496)	(5,416)
Effect of lease term reassessment ( <i>Note</i> )	(11,011)	–
	<u>1,820</u>	<u>17,952</u>
Balance as at 31 December	<u>1,820</u>	<u>17,952</u>
Represented by:		
Non-current portion	–	12,994
Current portion	1,820	4,958
	<u>1,820</u>	<u>17,952</u>

*Note:*

On 31 July 2021, the management decided to exercise the termination option on the coming option date, 30 April 2022. Please refer to Note 6(a) for further details.

#### 14. SHARE CAPITAL

	31 December 2021		31 December 2020	
	Number of shares	Amount <i>HK\$'000</i>	Number of shares	Amount <i>HK\$'000</i>
Authorised:				
Ordinary shares of HK\$0.10 each	<u>5,000,000,000</u>	<u>500,000</u>	<u>5,000,000,000</u>	<u>500,000</u>
Issued and fully paid:				
Opening and ending balance	<u>1,567,745,596</u>	<u>156,775</u>	<u>1,567,745,596</u>	<u>156,775</u>

#### 15. NET FINANCE COST

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Finance cost/(income)		
– Interest expense on the loans from an intermediate holding company ( <i>Note 10</i> )	142,549	131,600
– Interest expenses on bank borrowing ( <i>Note 11</i> )	2,786	24,840
– Loan arrangement fee	714	4,081
– Interest expenses on lease liabilities	375	704
– Interest income from bank	<u>(42)</u>	<u>(296)</u>
	<u>146,382</u>	<u>160,929</u>

## 16. INCOME TAX EXPENSE

Hong Kong profits tax has been provided for at the rate of 16.5% (2020: 16.5%) on the estimated assessable profit for the year. The PRC corporate income tax rate is 25% (2020: 25%). The subsidiaries operating in the PRC are loss making during the years ended 31 December 2021 and 2020 and are not subject to PRC corporate income tax.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	2,453	4,486
– Over-provision in prior year	(487)	(31)
Deferred income tax		
– Deferred tax expense	6,461	3,365
	<u>8,427</u>	<u>7,820</u>

## 17. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit attributable to shareholders for the year ended 31 December 2021 of HK\$759,678,000 (loss attributable to shareholders for the year ended 31 December 2020: HK\$319,580,000) and the weighted average of 1,567,745,596 shares in issue (2020: 1,567,745,596 shares in issue) during the year.

Diluted earnings/(loss) per share was the same as basic earnings/(loss) per share as there were no potential dilutive ordinary shares outstanding for the year ended 31 December 2021 (for the year ended 31 December 2020: Nil).

## 18. DIVIDENDS

The Board has resolved not to declare any interim dividend or to recommend any final dividend for the years ended 31 December 2021 and 2020.

## 19. SUBSEQUENT EVENTS

There is no significant subsequent event after the reporting period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATING RESULTS OF THE GROUP

The Group's consolidated operating results for the years ended 31 December 2021 and 2020 were as follows:

<i>(HK\$ millions, except percentages and per share amounts)</i>	<b>For the year ended 31 December</b>		
	<b>2021</b>	2020	% Change
<b>Revenue</b>	<b>120.4</b>	130.2	(7.5%)
Rental and utilities	<b>(14.3)</b>	(13.3)	7.5%
Other operating expenses	<b>(48.9)</b>	(49.4)	(1.0%)
Operating costs before depreciation and impairment	<b>(63.2)</b>	(62.7)	0.8%
Impairment of property plant and equipment and right-of-use assets	<b>(4.1)</b>	(92.9)	(95.6%)
Depreciation	<b>(10.0)</b>	(12.5)	(20.0%)
<b>Adjusted operating profit/(loss)^</b>	<b>43.1</b>	(37.9)	**
Other income and gain or losses	<b>0.8</b>	0.1	**
Fair value gain/(loss) on investment properties	<b>97.1</b>	(170.6)	**
<b>Operating profit/(loss)</b>	<b>141.0</b>	(208.4)	**
Net finance cost	<b>(146.4)</b>	(160.9)	(9.0%)
Share of profits of associates	<b>773.5</b>	57.5	**
Income tax expense	<b>(8.4)</b>	(7.8)	7.7%
<b>Profit/(loss) for the year</b>	<b>759.7</b>	(319.6)	**
<b>Profit/(loss) attributable to equity holders</b>	<b>759.7</b>	(319.6)	**
<b>Earnings/(loss) per share (HK cents)</b>	<b>48.5</b>	(20.4)	**

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

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

Profit attributable to equity holders for the year ended 31 December 2021 amounted to approximately HK\$759.7 million, representing a significant increase of approximately 337.7% as compared with loss attributable to equity holders of approximately HK\$319.6 million for the year ended 31 December 2020. Earnings per share was HK48.5 cents for the year ended 31 December 2021, based on weighted average of 1,567,745,596 shares in issue (loss per share for the year ended 31 December 2020: HK20.4 cents based on 1,567,745,596 shares in issue). Profit for the year ended 31 December 2021 is mainly attributable to the fair value gain on investment properties and the significant increase in share of profits of associates.

Excluding the revaluation gain of investment properties for the year ended 31 December 2021 of approximately HK\$97.1 million (revaluation loss of investment properties for the year ended 31 December 2020: approximately HK\$170.6 million), the net profit attributable to equity holders for the year ended 31 December 2021 was approximately HK\$662.6 million (net loss attributable to equity holders for the year ended 31 December 2020: approximately HK\$149.0 million), representing a significant year-on-year increase of approximately HK\$811.6 million or 544.7%. The turnaround of the Group's annual results from loss to profit was mainly due to the significant increase in the share of profits of associates of approximately HK\$773.5 million for the year ended 31 December 2021 (for the year ended 31 December 2020: share of profits of associates of approximately HK\$57.5 million), resulting from the growth of fair value revaluation gains on the investment properties of an associate of the Group.

## **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 2021 are primarily attributable to the contribution by the property investment segment. The Group's investment property portfolio had no significant changes during the year and it 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 28 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".

In 2021, the Group's investment property business continued to make good progress against an uncertain economic background. In these challenging times, the Group focused on maintaining the stability of its existing investment property portfolio, engaging with its tenants and improving its balance sheet. Through its diversified property portfolio, the Group's investment properties contributed a relatively steady income stream of approximately HK\$119.1 million for the year ended 31 December 2021, as compared to HK\$104.1 million for the year ended 31 December 2020. For the year ended 31 December 2021, the Group's revenue decreased by 7.5% to HK\$120.4 million (for the year ended 31 December 2020: HK\$130.2 million) due to the decrease of revenue from financial services segment, despite the above, a profit attributable to equity holders of HK\$759.7 million was recorded (for the year ended 31 December 2020: loss attributable to equity holders of HK\$319.6 million).

As a result of the recovery of the Hong Kong property market as the COVID-19 pandemic gradually came under control during the year ended 31 December 2021, the Group recorded a significant gain in fair value of the Group's investment properties of HK\$97.1 million for the year ended 31 December 2021 (for the year ended 31 December 2020: fair value loss of HK\$170.6 million) and the significant increase in share of profits of the Group's associates of HK\$773.5 million for the year ended 31 December 2021 (for the year ended 31 December 2020: share of profits of associates of HK\$57.5 million). At 31 December 2021, capitalisation rates range from 2.65% to 3.90% (at 31 December 2020: range from 2.75% to 3.90%) are used in the income capitalisation 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 2021, rental rates of HK\$10.0 psf to HK\$96.0 psf and HK\$3,379.0 per car parking space (at 31 December 2020: HK\$10.0 psf to HK\$98.0 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.

The Group continues to leverage on the successful strategy in diversifying its portfolio of investment properties as outlined in its previous Annual Reports. This strategy has proven to be successful in year 2021 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 2021 given the volatile financial market in year 2021, 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 2021 and 2020 by business segments and for the Group were as follows:

<i>(HK\$ millions, except percentages)</i>	<b>For the year ended 31 December</b>		
	<b>2021</b>	2020	% Change
Property investment	<b>119.1</b>	104.1	14.4%
Financial services	<b>1.3</b>	26.1	(95.0%)
Total revenue	<b><u>120.4</u></b>	<b><u>130.2</u></b>	<b><u>(7.5%)</u></b>

## FINANCIAL REVIEW BY OPERATING SEGMENTS

The Group’s reportable and operating segments during the year ended 31 December 2021 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

<i>(HK\$ millions, except percentages)</i>	<b>For the year ended 31 December</b>		
	<b>2021</b>	2020	% Change
<b>Revenue</b>	<b>119.1</b>	104.1	14.4%
<b>Adjusted EBITDA<sup>^</sup></b>	<b>54.3</b>	56.4	(3.7%)
Depreciation	<b>(9.2)</b>	(11.5)	(20.0%)
Impairment of property, plant and equipment and right-of-use assets	<b>(4.1)</b>	(92.8)	(95.6%)
<b>Adjusted operating profit/(loss)</b>	<b>41.0</b>	(47.9)	**
Fair value gain/(loss) on investment properties and other income	<b>113.8</b>	(153.9)	**
Net finance cost	<b>(15.1)</b>	(29.5)	(48.8%)
Income tax expense	<b>(8.5)</b>	(6.5)	30.8%
<b>Profit/(loss) attributable to shareholders<sup>#</sup></b>	<b>131.2</b>	<b>(237.8)</b>	<b>**</b>

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

<sup>#</sup> *Including fair value gain on investment properties of approximately HK\$97.1 million for the year ended 31 December 2021 and fair value loss on investment properties of approximately HK\$170.6 million for the year ended 31 December 2020.*

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

Revenue of property investment segment for the year ended 31 December 2021 was approximately HK\$119.1 million, compared with approximately HK\$104.1 million for the year ended 31 December 2020. The increase is mainly due to the increase in revenue generated from the new rental agreement relating to Yue King Building.

The profit attributable to shareholders from property investment segment was mainly due to the fair value gain on investment properties for the year ended 31 December 2021. An adjusted operating profit of approximately HK\$41.0 million was recorded for the year ended 31 December 2021, compared to an adjusted operating loss of approximately HK\$47.9 million for the year ended 31 December 2020, which was mainly attributable to the recognition of impairment charge of property, plant and equipment of HK\$92.8 million for the year ended 31 December 2020.

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 gain on investment properties for the year ended 31 December 2021 was approximately HK\$97.1 million, compared with the revaluation loss of approximately HK\$170.6 million for the year ended 31 December 2020. The revaluation gain for the year ended 31 December 2021 was mainly caused by the increase in fair value of Kwai Fong Plaza and certain floors of Yue King Building of around HK\$90.1 million and HK\$7.0 million respectively. The increase in appraised value of the investment properties of the Group was attributable to recovery of the Hong Kong property market as the COVID-19 pandemic gradually came under control in second half of year 2021.

The Group's investment properties were revalued as at 31 December 2021 by an independent professionally qualified valuer, Savills Valuation and Professional Services Limited (31 December 2020: 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

<i>(HK\$ millions, except percentages)</i>	<b>For the year ended 31 December</b>		
	<b>2021</b>	2020	% Change
<b>Revenue</b>	<b>1.3</b>	26.1	(95.0%)
<b>Adjusted EBITDA<sup>^</sup></b>	<b>(5.1)</b>	2.7	**
Depreciation	<b>(0.1)</b>	(0.3)	(66.7%)
<b>Adjusted operating (loss)/profit</b>	<b>(5.2)</b>	2.4	**
Net finance cost	–	0.1	(100.0%)
Income tax credit	–	(1.3)	(100.0%)
<b>(Loss)/profit attributable to equity holders</b>	<b>(5.2)</b>	<b>1.2</b>	<b>**</b>

<sup>^</sup> *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 and advisory services for the year ended 31 December 2021 was HK\$1.3 million (31 December 2020: HK\$25.7 million, representing a year-on-year decrease of 94.9%). There was no revenue derived from corporate finance services for the year ended 31 December 2021 (31 December 2020: HK\$0.2 million, representing a year-on-year decrease of 100%). The sharp decrease in the financial services income was mainly due to the expiration of the asset management agreement entered with an intermediate holding company in October 2020 and the decrease in the number of projects under corporate finance services due to the volatile financial market in year 2021.

## 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\$4,556.7 million as at 31 December 2021 (31 December 2020: HK\$3,863.7 million) and represented around 52.2% of the total assets of the Group as at 31 December 2021 (31 December 2020: 49.3%). The Group's share of profit of an associate from JV Group was approximately HK\$774.7 million in 2021 (share of profit for the year ended 31 December 2020: HK\$56.8 million). The increase in the share of profit of an associate of the Group for the year ended 31 December 2021 is mainly due to the growth of fair value gains of the investment properties of the JV Group (which comprise of commercial properties), which was attributable to the recovery of the Hong Kong property market as the COVID-19 pandemic gradually came under control in the second half of year 2021. 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 businesses. The Group's financial position as at 31 December 2021 and 2020 were as follows:

<i>(HK\$ millions, except percentages)</i>	<b>31 December 2021</b>	31 December 2020	% Change
Cash and bank balances	<b>329.6</b>	212.5	55.1%
Shareholders' funds	<b>3,400.9</b>	2,640.7	28.8%
Current ratio	<b>0.07</b>	0.25	(72.0%)
Gearing ratio	<b>56.5%</b>	63.2%	(10.6%)

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 2021, the Group had total cash and bank balances of approximately HK\$329.6 million, as compared to approximately HK\$212.5 million as at 31 December 2020. The Group's gearing ratio as at 31 December 2021 was 56.5% (as at 31 December 2020: 63.2%), being calculated as total debts (which includes the loans from an intermediate holding company, amount due to 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 decrease in gearing ratio is mainly due to the increase in shareholders' funds as a result of the fair value gains of the investment properties. As at 31 December 2021, the Group had outstanding principal of unsecured shareholder loans of HK\$4,750.1 million (as at 31 December 2020: HK\$3,848.4 million). As at 31 December 2021, the Group has no undrawn bank facility (as at 31 December 2020: HK\$485.0 million), and the Group had no outstanding bank borrowing as at 31 December 2021 (as at 31 December 2020: HK\$901.0 million). As disclosed in Note 10 to the consolidated financial statements, the Group had 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 2020 and 2021, 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 and restricted cash of HK\$6.2 million were pledged to secure the mortgage loan granted to the Group. Following the repayment of the mortgage loan in February 2021, there is no charge over the assets of the Group as at 31 December 2021. For details, please refer to Notes 10 and 11 to the consolidated financial statements of this announcement.

## **Operating Activities**

Net cash generated from operating activities for the year ended 31 December 2021 was HK\$51.3 million, compared with net cash generated from operating activities of HK\$59.4 million in 2020. The decrease in operating cash inflow was mainly due to the decrease in revenue in the year ended 31 December 2021.

## **Investing Activities**

Net cash generated from investing activities for the year ended 31 December 2021 was HK\$85.9 million, compared with the net cash generated from investing activities of HK\$2.4 million in 2020. The increase in investment cash inflow was mainly due to the dividend income from an associate of HK\$67.1 million and repayment of loan from an associate of HK\$14.6 million in year 2021.

## **Financing Activities**

Net cash used in financing activities for the year ended 31 December 2021 was HK\$20.3 million, compared with the net cash used in financing activities of HK\$31.5 million in 2020. The decrease in financing cash outflow was mainly due to decrease in interest paid from HK\$26.0 million in year 2020 to HK\$15.0 million in year 2021.

## **Employees and Remuneration Policy**

As at 31 December 2021, the Group had a total of 18 employees (as at 31 December 2020: 21). 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 with 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**

2021 was another challenging year under the COVID-19 pandemic. Yet signs of recovery in the global economies have been seen in 2021. With the rapid development and popularisation of COVID-19 vaccination and the effective control of the pandemic, the adverse effects of the COVID-19 pandemic have eased in many developed countries. Economies around the world, including Hong Kong, are showing signs of recovery. The Hong Kong Census and Statistics Department forecast that Hong Kong economy was on the path to recovery with global commercial conditions improving. The rebound in the economy of Hong Kong continued in 2021, with gross domestic product growing 6.4% year-on-year as business activities revived amid a relaxation of rules on social distance.

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 Board considers that the overall financial and business positions of the Group remain healthy.

Currently, the Group's investment properties continue to contribute stable stream of revenue. For the year under review, the local economy has stabilized, however, the road to recovery is still unpredictable. Overall, there are positive signs that the economic recovery will maintain its momentum and our management 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 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 2021, the Company has complied with the applicable principles and code provisions set out in the then 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 then code provisions A.1.7 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 2021 Annual Report.



**Code provision A.1.7 (updated reference for financial years commencing on or after 1 January 2022: code provision C.5.7)**

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. Due to COVID-19, during the year ended 31 December 2021, the Board approved the continuing connected transactions in relation to the proposed renewal of 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 25 October 2021, for which certain Directors who are nominated by the controlling shareholder of the Company were regarded as having material interests therein. However, the Directors (including the independent non-executive Directors) are of the view that such proposed renewal of tenancies 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, each of Mr. Wang Hai and Mr. Xu Yongle, 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 renewal of tenancies 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 E.1.2 (updated reference for financial years commencing on or after 1 January 2022: code provision F.2.2)**

Code provision E.1.2 of the Corporate Governance Code provides that, among others, the chairman of the board should invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend the annual general meeting. In their absence, he should invite another member of the committee or failing this his/her duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting. In light of the regulations introduced by the government of the Hong Kong Special Administrative Region to fight against COVID-19, the chairlady nor members of the Audit Committee of the Company did not attend the annual general meeting of the Company held on 16 June 2021 (“**2021 AGM**”). In order to ensure an effective communication with the shareholders of the Company, other Board members (including executive Directors and chairman of the Nomination Committee) attended the 2021 AGM to answer relevant questions from the shareholders present thereat. The then incumbent external auditor of the Company, PricewaterhouseCoopers, also attended the 2021 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, Mr. Yu Xianqing. 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 2021.

The audited consolidated annual results of the Group for the year ended 31 December 2021 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. Xu Yongle. One meeting was held by the Remuneration Committee during the year ended 31 December 2021.

## **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. Wang Hai (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 2021.

## **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 2021 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 (updated reference for financial years commencing on or after 1 January 2022: code provision C.1.3). 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 2021, 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 2021 (for the year ended 31 December 2020: Nil).

## **ANNUAL GENERAL MEETING FOR THE YEAR 2022 (THE "2022 AGM")**

The 2022 AGM of the Company will be held on Thursday, 16 June 2022. A circular containing, among other matters, further information relating to the 2022 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 2022 AGM to be held on Thursday, 16 June 2022, the register of members of the Company will be closed from Friday, 10 June 2022 to Thursday, 16 June 2022, 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 2022 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, 9 June 2022.

## **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](http://www.hkexnews.hk)) and the Company ([www.gwpaholdings.com](http://www.gwpaholdings.com)). The Annual Report of the Company for the year ended 31 December 2021 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 BDO LIMITED**

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 2021 as set out in this annual results announcement have been agreed by the Group's auditor, BDO Limited, to conform with the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited 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 BDO Limited on this annual results announcement.

By Order of the Board  
**Great Wall Pan Asia Holdings Limited**  
**WANG Hai**  
*Chairman and Executive Director*

Hong Kong, 8 March 2022

*As at the date of this announcement, the Board consists of Mr. Wang Hai and Mr. Xu Yongle as executive Directors of the Company, Mr. Yu Xianqing 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*