長城環亞控股有限公司*
GREAT WALL PAN ASIA HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 583)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

INTERIM RESULTS

The board of directors (the "**Board**" or "**Directors**") of Great Wall Pan Asia Holdings Limited (the "**Company**") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2023, together with the comparative unaudited figures for the corresponding period in 2022, as follows:

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2023

	Notes	**(Unaudited) 30 June 2023 *HK$'000***	(Audited) 31 December 2022 *HK$'000*
ASSETS			
Non-current assets			
Investment properties	*4*	**3,279,900**	3,251,900
Investments in associates	*5*	**5,192,082**	4,960,708
Property, plant and equipment	*3*	**513,928**	517,423
Deferred tax asset	*14*	**104**	104
		8,986,014	8,730,135

* *For identification purpose only*

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2023

	Notes	(Unaudited) 30 June 2023 HK$'000	(Audited) 31 December 2022 HK$'000
Current assets			
Accounts receivable	*7*	**4,454**	5,982
Prepayments, deposits and other receivables	*8*	**19,405**	23,033
Current tax recoverable		**964**	964
Amount due from an intermediate holding company	*6*	**7,559**	171
Cash and bank balances		**223,084**	209,661
		255,466	239,811
Total assets		**9,241,480**	8,969,946
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	*14*	**18,202**	18,199
		18,202	18,199
Current liabilities			
Other payables and accrued liabilities	*11*	**162,017**	53,710
Loans from an intermediate holding company	*10*	**5,178,169**	5,179,825
Amount due to an intermediate holding company		**1,351**	1,062
Current tax liabilities		**2,915**	211
		5,344,452	5,234,808
Total liabilities		**5,362,654**	5,253,007
EQUITY			
Capital and reserves			
Share capital	*12*	**156,775**	156,775
Reserves		**3,722,051**	3,560,164
Total equity		**3,878,826**	3,716,939
Total equity and liabilities		**9,241,480**	8,969,946

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	(Unaudited) For the six months ended 30 June 2023 HK$'000	2022 HK$'000
Revenue	*2*	**61,228**	56,332
Other income		**314**	475
Depreciation	*3*	**(3,488)**	(3,506)
Rental and utilities		**(5,166)**	(5,876)
Other operating expenses		**(17,247)**	(20,907)
Fair value gain on investment properties	*4*	**26,295**	15,740
Operating profit		**61,936**	42,258
Net finance cost	*13*	**(128,179)**	(72,077)
Share of profits of associates	*5*	**231,374**	168,895
Profit before income tax		**165,131**	139,076
Income tax expense	*14*	**(2,706)**	(1,017)
Profit for the period		**162,425**	138,059
Other comprehensive loss			
Item that may be/has been reclassified subsequently to profit or loss:			
Currency translation difference on consolidation		**(538)**	(773)
Other comprehensive loss for the period, net of tax		**(538)**	(773)
Total comprehensive income for the period		**161,887**	137,286
Profit attributable to:			
Equity holders of the Company		**162,425**	138,059
Total comprehensive income attributable to:			
Equity holders of the Company		**161,887**	137,286
Earnings per share	*15*		
Basic		**HK10.36 cents**	HK8.81 cents
Diluted		**HK10.36 cents**	HK8.81 cents

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information ("**interim financial information**") of the Group for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") ("**Listing Rules**").

The interim financial information should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

Except as described below, the accounting policies and methods of computation used in the preparation of this interim financial information are consistent with those used in the consolidated financial statements of the Group for the year ended 31 December 2022.

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

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Management are required to exercise significant estimates and judgments, which are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, in the selection and application of accounting principles. Please refer to Note 4 for details of the fair value of investment properties.

In preparing this interim financial information, the significant judgements made by management in applying the Group's accounting policies and the critical accounting estimates and judgements were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022 except for the adoption of a new and amendments to HKFRSs effective for the financial year ending 31 December 2023.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

New and amended standards adopted by the Group

There are a new and a number of amendments to accounting standards that become applicable for annual reporting periods commencing on or after 1 January 2023 and current reporting period:

- Insurance Contracts – HKFRS 17 and its amendments
- Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to HKAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to HKAS 12
- International Tax Reform – Pillar Two Model Rules – Amendments to HKAS12

The adoption of the new standard and the amendments did not have any material financial impact to the Group.

2. REVENUE AND SEGMENT INFORMATION

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

The Group has two reportable segments, property investment and financial services segments for the periods ended 30 June 2023 and 2022.

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

Financial services segment mainly holds licences to carry out Type 1 (dealing in securities) (restricted by certain conditions) before 6 June 2023, Type 4 (advising on securities) before 6 June 2023, Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**").

The licensed subsidiaries of the Group is Great Wall Pan Asia Asset Management Limited ("**GWAM**") which holds licences to carry out Type 1 (dealing in securities) (restricted by certain conditions), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO and Great Wall Pan Asia Corporate Finance Limited ("**GWCF**") which holds licence to carry out Type 6 (advising on corporate finance) regulated activities under the SFO.

On 3 May 2023, GWAM applied for the reduction of Type 1 and Type 4 regulated activities to the Securities and Futures Commission (the "**SFC**"). The SFC agreed to reduce Type 1 and Type 4 regulated activities under section 127(1) of the SFO with effect from 6 June 2023.

2. REVENUE AND SEGMENT INFORMATION (Continued)

On 15 May 2023, GWCF notified the SFC in respect of the business cessation and submitted the application for revocation of Type 6 regulated activities. On 31 May 2023, GWCF ceased all the business of Type 6 (advising on corporate finance) regulated activities under the SFO. The application is in progress, the GWCF still holds Type 6 licence up to the date of issuance of these interim condensed consolidated financial statements.

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 income tax are most consistent with those used in measuring the corresponding amounts in the Group's financial statements. Hence, profit or loss after tax is used for reporting segment profit or loss. Although no segment assets or liabilities information is regularly provided to or reviewed by chief operating decision-maker, monthly updates presenting the Group's condensed 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 in the consolidated financial statements for the year ended 31 December 2022 and Note 1 above.

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

Revenue for the six months ended 30 June 2023 and the six months ended 30 June 2022 consists of revenue from property investment and financial services segments. The revenue for the six months ended 30 June 2023 and 30 June 2022 were HK$61,228,000 and HK$56,332,000 respectively.

The segment information for the six months ended 30 June 2023 and 2022 is as follows:

(a) Reportable segment profit or loss

For the six months ended 30 June 2023

		(Unaudited)	
	Property investment	**Financial services**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Revenue from external customers	**61,228**	**–**	**61,228**
Reportable segment net profit/(loss)	**39,351**	**(1,231)**	**38,120**

2. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Reportable segment profit or loss (Continued)

For the six months ended 30 June 2022

	(Unaudited)		
	Property investment	Financial services	Total
	HK$'000	*HK$'000*	*HK$'000*
Revenue from external customers	56,032	300	56,332
Reportable segment net profit/(loss)	38,229	(2,002)	36,227

(b) Reconciliation of reportable segment profit or loss

	(Unaudited)	
	For the six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Net profit for reportable segments	**38,120**	36,227
Reconciling items:		
Share of profits of associates under equity method of accounting	**231,374**	168,895
Finance cost for the financing the Group's investment in an associate *(Note)*	**(106,075)**	(65,081)
Other corporate and treasury activities	**(994)**	(1,982)
Profit for the period	**162,425**	138,059

Note: The finance cost for the six months ended 30 June 2023 of HK$106,075,000 (for the six months ended 30 June 2022: HK$65,081,000) 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.

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 2023 (audited)	–	**445**	**262**	**2,769**	**513,838**	**109**	**517,423**
Depreciation	–	**(37)**	**(26)**	**(204)**	**(3,149)**	**(72)**	**(3,488)**
Written-off	–	**(7)**	–	–	–	–	**(7)**
Net book value at 30 June 2023 (unaudited)	–	**401**	**236**	**2,565**	**510,689**	**37**	**513,928**
At 30 June 2023							
Cost	**18**	**1,285**	**637**	**5,303**	**629,750**	**717**	**637,710**
Accumulated depreciation and impairment losses	**(18)**	**(884)**	**(401)**	**(2,738)**	**(119,061)**	**(680)**	**(123,782)**
Net book value at 30 June 2023 (unaudited)	–	**401**	**236**	**2,565**	**510,689**	**37**	**513,928**

	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 2022 (audited)	1	544	315	3,177	520,136	252	524,425
Depreciation	–	(55)	(26)	(204)	(3,149)	(72)	(3,506)
Reclassification to assets held for sale	–	(10)	–	–	–	–	(10)
Exchange realignment	–	(1)	–	–	–	–	(1)
Net book value at 30 June 2022 (unaudited)	1	478	289	2,973	516,987	180	520,908
At 30 June 2022							
Cost	18	1,282	717	5,303	629,750	717	637,787
Accumulated depreciation and impairment losses	(17)	(804)	(428)	(2,330)	(112,763)	(537)	(116,879)
Net book value at 30 June 2022 (unaudited)	1	478	289	2,973	516,987	180	520,908

4. INVESTMENT PROPERTIES

	(Unaudited) **30 June** **2023** ***HK$'000***	(Audited) 31 December 2022 *HK$'000*
At 1 January 2023/2022	**3,251,900**	3,282,500
Fair value change:		
– Capitalised expenses	**1,705**	4,431
– Fair value gain/(loss) *(Note (a))*	**26,295**	(35,031)
At 30 June 2023/31 December 2022	**3,279,900**	3,251,900

(a) The Group's investment properties were valued by two independent professional valuers, Savills Valuation and Professional Services Limited ("**Savills**") and CBRE Advisory Hong Kong Limited ("**CBRE**"), to determine their fair values as at 30 June 2023 (as at 31 December 2022: Savills). The Group has adopted such valuation and recognised a fair value gain of HK$26,295,000 for the six months ended 30 June 2023 (for the year ended 31 December 2022: fair value loss of HK$35,031,000) 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 2022, except for the rental rates and capitalisation rates.

Rental rates are estimated based on recent lettings of HK$61.0 psf for retail shops (31 December 2022: HK$60.0 psf), HK$3,470.0 per car parking space (31 December 2022: HK$3,470.0 per car parking space), HK$46.1 psf to HK$80.5 psf for office buildings (31 December 2022: HK$47.5 psf to HK$89.0 psf), and HK$10.0 psf to HK$28.6 psf for industrial properties (31 December 2022: HK$10.0 psf to HK$28.5 psf). With other variable(s) held constant, the lower the rents, the lower the fair value.

At 30 June 2023, capitalisation rates of 2.50% to 3.90% (at 31 December 2022: 2.75% to 3.90%) are used in the income capitalisation approach for retail shops, car parking spaces, office buildings and industrial properties. With other variable(s) held constant, the higher the rates, the lower the fair value.

The investment properties have been measured at fair value as at 30 June 2023, by the level 3 (31 December 2022: level 3) in the fair value hierarchy into which the fair value treatment is categorised. There is no transfer between levels of the fair value hierarchy used in measuring the fair value of the investment properties during the period.

5. INVESTMENT IN ASSOCIATES

	(Unaudited) **30 June** **2023** ***HK$'000***	(Audited) 31 December 2022 *HK$'000*
At 1 January 2023/2022	**4,960,708**	4,561,304
Share of profits of associates	**231,374**	465,626
Dividend from an associate	**–**	(66,222)
At 30 June 2023/31 December 2022	**5,192,082**	4,960,708

Summarised financial information for the principal associate

Set out below is the summarised financial information for Everwell City Limited ("**Everwell City**") as at 30 June 2023 and 31 December 2022 which is accounted for using the equity method. In the opinion of the Directors, Everwell City is material to the Group.

Summarised balance sheet

	(Unaudited) **30 June** **2023** ***HK$'000***	(Audited) 31 December 2022 *HK$'000*
Non-current assets	**31,054,964**	30,247,236
Current assets	**536,588**	512,588
Non-current liabilities	**(10,485,296)**	(24,137,542)
Current liabilities	**(14,093,400)**	(383,101)
	7,012,856	6,239,181

Summarised statement of comprehensive income

	(Unaudited) **For the six months ended 30 June**	
	2023 ***HK$'000***	2022 *HK$'000*
Revenue	**599,149**	557,008
Profit and total comprehensive income for the period	**773,675**	565,812

5. INVESTMENT IN ASSOCIATES (Continued)

Summarised financial information for the principal associate (Continued)

Reconciliation of summarised financial information

	(Unaudited)	
	30 June	30 June
	2023	2022
	HK$'000	*HK$'000*
Profit and total comprehensive income for the period	**773,675**	565,812
Less: Net profit attributable to non-controlling interests of Everwell City's subsidiaries	**(127,016)**	(92,963)
	646,659	472,849
Group's shareholdings	**35.78%**	35.78%
Group's share of net profit attributable to equity holders *(Note (i))*	**231,374**	169,185

Note:

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

6. AMOUNT DUE FROM AN INTERMEDIATE HOLDING COMPANY

As at 30 June 2023, the amount due from an intermediate holding company of HK$7,559,000 (31 December 2022: HK$171,000) represents mainly the rental income receivable for the period ended 30 June 2023 from China Great Wall AMC (International) Holdings Company Limited ("**Great Wall International**"), an intermediate holding company. The amount is unsecured, interest-free, repayable on demand and trading in nature.

7. ACCOUNTS RECEIVABLE

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

	(Unaudited)		(Audited)	
	30 June 2023		31 December 2022	
	Balance	**Percentage**	Balance	Percentage
	HK$'000	***%***	*HK$'000*	*%*
Current	**1,252**	**27.9**	2,546	38.9
Less than 30 days past due	**2,478**	**55.2**	2,804	42.9
31 to 60 days past due	**602**	**13.4**	587	9.0
61 to 90 days past due	**67**	**1.5**	10	0.1
Over 90 days past due	**91**	**2.0**	595	9.1
	4,490	**100**	6,542	100.0
Allowance for impairment	**(36)**		(560)	
Total	**4,454**		5,982	

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

8. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 30 June 2023, the balance represents mainly utility and management fee deposits of HK$3,572,000 (31 December 2022: HK$3,572,000) and rent-free receivable of HK$14,686,000 (31 December 2022: HK$17,897,000).

9. ASSETS AND LIABILITIES HELD FOR SALE

On 19 May 2022, the Board resolved to dispose of the entire equity interest in 深圳長城環亞股權投資基金管理有限公司 ("**Shenzhen Great Wall**"). Shenzhen Great Wall was planned to engage in corporate consultancy services. The equity interest of Shenzhen Great Wall was offered for sale through the public listing process on the Shenzhen United Assets and Equity Exchange and negotiations with an interested party took place subsequently. The assets and liabilities attributable to Shenzhen Great Wall, which were expected to be sold within twelve months, had been classified as a disposal group held for sale and were presented separately in the condensed consolidated balance sheet. The net proceeds of disposal were expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss had been recognised.

9. ASSETS AND LIABILITIES HELD FOR SALE (Continued)

On 5 July 2022, Great Wall Pan Asia Asset Management Limited ("**GWAM**"), an indirect wholly-owned subsidiary of the Company, and the purchaser, an independent third party, entered into the equity transfer agreement, pursuant to which, GWAM conditionally agreed to sell, and the purchaser conditionally agreed to purchase, the entire equity interest in the Shenzhen Great Wall for a consideration of RMB17,412,000 (equivalent to HK$20,360,000).

In view of the current stricter environment which had lowered the possibility of obtaining the requisite approval in respect of the disposal, on 26 October 2022, Shenzhen Great Wall and the purchaser entered into a termination agreement whereby the parties mutually agreed to terminate the Equity Transfer Agreement and to release and discharge each other from its obligations under the Equity Transfer Agreement. The Group ceased to classify the assets and liabilities attributable to Shenzhen Great Wall as disposal group held for sale.

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 as described in Note 5. As at 30 June 2022 and 31 December 2021, the Group has drawn down HK$3,848,434,000. The loan from an intermediate holding company was denominated in HK$, interest bearing at Hong Kong Interbank Offered Rate plus 1.9% and is repayable by November 2022.

In November 2022, Great Wall International agreed to modify and restructure certain existing term loans with accumulated accrued interest and provided a new term loan in principal amount of HK$4,382,000,000 for one year with fixed interest rate of 5% per annum, repayable in November 2023.

In February 2022, Great Wall International agreed to provide a term loan (the "**Term Loan**") in the principal amount of HK$901,657,000 for one year with interest rate at Hong Kong Interbank Offered Rate plus 1.4% per annum and is repayable in February 2023.

In February 2023, after the partial repayment of the Term Loan of HK$1,657,000, Great Wall International and the Company reached an agreement to modify and restructure certain terms of the Term Loan. The revised Term Loan ("the New Term Loan") has a principal amount of HK$900,000,000 for one year with interest rate at Hong Kong Interbank Offered Rate plus 1.913% per annum, repayable in February 2024.

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

11. OTHER PAYABLES AND ACCRUED LIABILITIES

	(Unaudited) **30 June** **2023** ***HK$'000***	(Audited) 31 December 2022 *HK$'000*
Interest payable	**114,866**	8,791
Deposits received from tenants	**27,042**	26,417
Other payables and accrued expenses	**14,505**	12,961
Rental received in advance	**4,440**	3,795
Others	**1,164**	1,746
	162,017	53,710
Represented by:		
Non-current portion	**–**	–
Current portion	**162,017**	53,710
	162,017	53,710

12. SHARE CAPITAL

	(Unaudited) **30 June 2023**		(Audited) 31 December 2022	
	Number of shares	**Amount** ***HK$'000***	Number of shares	Amount *HK$'000*
Authorised:				
Ordinary shares of HK$0.10 each	**5,000,000,000**	**500,000**	5,000,000,000	500,000
Issued and fully paid:				
Opening and ending balance	**1,567,745,596**	**156,775**	1,567,745,596	156,775

13. NET FINANCE COST

	(Unaudited) For the six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Finance cost/(income)		
– Interest expenses on the loans from an intermediate holding company *(Note 10)*	**129,226**	72,147
– Interest expenses on lease liabilities	**–**	12
– Loan arrangement fee	**–**	19
– Interest income from bank	**(1,047)**	(101)
	128,179	72,077

14. INCOME TAX EXPENSE

Hong Kong profits tax has been provided for at a rate of 16.5% (2022: 16.5%) on the estimated assessable profit for the period. The PRC corporate income tax rate is 25% for the six months ended 30 June 2023 (2022: 25%). The subsidiaries operating in the PRC was loss making for the six months ended 30 June 2023 and 2022 and was not subject to PRC corporate income tax.

	(Unaudited) For the six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Current income tax		
Hong Kong profits tax	**2,703**	1,075
Deferred income tax		
Deferred tax expense	**3**	(58)
	2,706	1,017

Deferred tax assets and deferred income tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and they relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the condensed consolidated balance sheet:

	(Unaudited)	(Audited)
	30 June	31 December
	2023	2022
	HK$'000	*HK$'000*
Deferred tax assets	**104**	104
Deferred income tax liabilities	**(18,202)**	(18,199)
	(18,098)	(18,095)

14. INCOME TAX EXPENSE (Continued)

The movement on the deferred tax assets/(deferred income tax liabilities) is as follow:

	Accelerated tax depreciation	
	(Unaudited)	(Audited)
	2023	2022
	HK$'000	*HK$'000*
At 1 January	**(18,095)**	(13,332)
Charged to profit for the period/year	**(3)**	(4,763)
At 30 June/31 December	**(18,098)**	(18,095)

15. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders for the six months ended 30 June 2023 of HK$162,425,000 (profit attributable to equity holders for the six months ended 30 June 2022: HK$138,059,000), and the weighted average of 1,567,745,596 shares in issue (for the six months ended 30 June 2022: 1,567,745,596 shares in issue) during the period.

Diluted earnings per share was the same as basic earnings per share as there were no dilutive potential ordinary shares outstanding for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

16. DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

The Board had resolved not to recommend any payment of final dividend for the year ended 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS OF THE GROUP

The Group's consolidated operating results for the six months ended 30 June 2023 and 2022 were as follows:

(HK$ millions, except percentages and per share amounts)	**For the six months ended 30 June** **2023**	2022	% Change
Revenue	**61.2**	56.3	8.7%
Depreciation	**(3.5)**	(3.5)	–
Rental and utilities	**(5.2)**	(5.9)	(11.9%)
Other operating expenses	**(17.2)**	(20.8)	(17.3%)
Adjusted operating profit^	**35.3**	26.1	35.2%
Other income	**0.3**	0.5	(40.0%)
Fair value gain on investment properties	**26.3**	15.7	67.5%
Operating profit	**61.9**	42.3	46.3%
Net finance cost	**(128.2)**	(72.1)	77.8%
Share of profits of associates	**231.4**	168.9	37.0%
Profit before income tax	**165.1**	139.1	18.7%
Income tax expense	**(2.7)**	(1.0)	170.0%
Profit for the period	**162.4**	138.1	17.6%
Profit attributable to equity holders	**162.4**	138.1	17.6%
Earnings per share (HK cents)	**10.4**	8.8	18.2%

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

Profit attributable to equity holders for the six months ended 30 June 2023 amounted to HK$162.4 million, representing a increase of 17.6% as compared with profit attributable to equity holders of HK$138.1 million for the six months ended 30 June 2022. Earnings per share was HK10.4 cents for the six months ended 30 June 2023, based on weighted average of 1,567,745,596 shares in issue (earnings per share for the six months ended 30 June 2022: HK8.8 cents, based on 1,567,745,596 shares in issue). Profit for the six months ended 30 June 2023 is mainly attributable to the fair value gain on investment properties and the share of profits of associates.

Excluding the revaluation gain of investment properties for the six months ended 30 June 2023 of HK$26.3 million (revaluation gain of investment properties for the six months ended 30 June 2022: HK$15.7 million), the profit attributable to equity holders for the six months ended 30 June 2023 was HK$136.1 million (the profit attributable to equity holders for the six months ended 30 June 2022: HK$122.4 million), representing a year-on-year increase of 11.2%. The increase of the Group's interim profit was mainly due to the increased share of profits of associates of approximately HK$231.4 million for the six months ended 30 June 2023 (for the six months ended 30 June 2022: HK$168.9 million).

BUSINESS REVIEW

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

The results of the Group for the six months ended 30 June 2023 are primarily attributable to the contribution by the property investment segment. The Group's investment property portfolio had no significant changes during the period 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 23 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 the first half of 2023, 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$61.2 million for the six months ended 30 June 2023, as compared to HK$56.0 million for the corresponding period last year. For the six months ended 30 June 2023, the Group's revenue increased by 8.7% to HK$61.2 million (for the six months ended 30 June 2022: HK$56.3 million) due to the increase of revenue from property investment segment and profit attributable to equity holders of HK$162.4 million was recorded (for the six months ended 30 June 2022: profit attributable to equity holders of HK$138.1 million).

The Group resulted in the growth in gain in fair value of the Group's investment properties by 67.5% to HK$26.3 million for the six months ended 30 June 2023 (for the six months ended 30 June 2022: fair value gain of HK$15.7 million) and the increased share of profits of the Group's associates of HK$231.4 million for the six months ended 30 June 2023 (for the six months ended 30 June 2022: HK$168.9 million). As at 30 June 2023, capitalisation rates range from 2.50% to 3.90% (at 31 December 2022: range from 2.75% to 3.90%) were 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. As at 30 June 2023, rental rates of HK$10.0 psf to HK$80.5 psf and HK$3,470.0 per car parking space (at 31 December 2022: HK$10.0 psf to HK$89.0 psf and HK$3,470.0 per car parking space) were 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.

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 the first half of 2023 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 comprised provision of asset management and corporate finance services (licensed by the SFC to carry out Types 1 (before 6 June 2023), 4 (before 6 June 2023), 6 and 9 regulated activities). The Group recorded a year-on-year decrease in the revenue generated from the financial services segment for the six months ended 30 June 2023 given the decrease in the number of project under corporate finance services in the first half of 2023, as more particularly discussed in the paragraph headed "Financial Services" below, the Group will continue to explore and seize opportunities to concentrate the development of financial services segment.

Revenue

The consolidated revenue for the six months ended 30 June 2023 and 2022 by business segments and for the Group were as follows:

	For the six months ended 30 June		
(HK$ millions, except percentages)	**2023**	2022	% Change
Property investment	**61.2**	56.0	9.3%
Financial services	**–**	0.3	(100.0%)
Total revenue	**61.2**	56.3	8.7%

FINANCIAL REVIEW BY OPERATING SEGMENTS

The Group's reportable and operating segments during the six months ended 30 June 2023 are as follows:

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

(b) financial services segment which comprised provision of asset management and corporate finance services (licensed by the SFC to carry out Types 1 (before 6 June 2023), 4 (before 6 June 2023), 6 and 9 regulated activities).

Property Investment

(HK$ millions, except percentages)	For the six months ended 30 June **2023**	2022	% Change
Revenue	**61.2**	56.0	9.3%
Adjusted EBITDA^	**34.7**	26.0	33.5%
Depreciation	**(3.1)**	(3.2)	(3.1%)
Adjusted operating profit	**31.6**	22.8	38.6%
Fair value gain on investment properties and other income	**33.6**	23.6	42.4%
Net finance cost	**(23.1)**	(7.2)	220.8%
Income tax expense	**(2.7)**	(1.0)	170.0%
Profit attributable to equity holders#	**39.4**	38.2	3.1%

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

Including fair value gain on investment properties of HK$26.3 million for six months ended 30 June 2023 and fair value gain on investment properties of HK$15.7 million for six months ended 30 June 2022.

Revenue of property investment segment for the first half of 2023 was HK$61.2 million, compared with HK$56.0 million in the first half of 2022. The increase was mainly due to the increase in revenue generated from the rental agreement relating to Yue King Building.

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, Ko Fai Industrial Building in Yau Tong and Seaview Estate in North Point. Fair value gain on investment properties for the first half of 2023 was HK$26.3 million, compared with the fair value gain of HK$15.7 million in the first half of 2022. The growth of the appraised value of the investment properties of the Group was a result of continued recovery of Hong Kong economy in early 2023.

The Group's investment properties were revalued as at 30 June 2023 by two independent professionally qualified valuers, Savills Valuation and Professional Services Limited and CBRE Advisory Hong Kong Limited (as at 31 December 2022: 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 are shown as "Fair value gain on investment properties" in the condensed consolidated statement of comprehensive income. Fair values of the office buildings, retail shops, car parking spaces and industrial properties are derived using the income capitalisation approach. There were no changes to the valuation techniques during the period.

Financial Services

	For the six months ended 30 June		
(HK$ millions, except percentages)	**2023**	2022	% Change
Revenue	**–**	0.3	(100.0%)
Adjusted EBITDA^	**(1.4)**	(2.0)	(30.0%)
Depreciation	**–**	–	–
Adjusted operating loss	**(1.4)**	(2.0)	(30.0%)
Net finance income	**0.2**	–	**
Income tax expense	**–**	–	–
Loss attributable to equity holders	**(1.2)**	(2.0)	(40.0%)

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

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

There was no revenue derived from corporate finance services for the first half of 2023, the revenue derived from corporate finance services for the first half of 2022 was around HK$0.3 million, representing a year-on-year decrease of 100%. The decrease of the financial services income was mainly due to the decrease in the number of project under corporate finance services following the cessation of all the business of the Type 6 (advising on corporate finance) regulated activities under the SFO in the first half of 2023 as compared with the first half of 2022.

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$5,192.1 million as at 30 June 2023 (as at 30 June 2022: HK$4,708.8 million) and represented around 56.18% of the total assets of the Group as at 30 June 2023 (as at 30 June 2022: 52.7%). The Group's share of profit of an associate from JV Group was approximately HK$231.4 million for the first half of 2023 (for the first half of 2022: HK$168.9 million). The share of profit of an associate of the Group for the six months ended 30 June 2023 was mainly due to the fair value gains on revaluations of the investment properties of the JV Group (which comprise of commercial properties), which was attributable to the continued recovery of the Hong Kong economy in early 2023. Yet the unpredictable road to recovery market condition, the Group presently intends to hold the abovementioned equity interests in the JV Group as long-term investment in order to generate sustainable return for our shareholders.

LIQUIDITY AND CAPITAL RESOURCES

The Group's main source of liquidity is recurring cash flows from the property investment and financial services businesses. The Group's financial position as at 30 June 2023 and 31 December 2022 were as follows:

(HK$ millions, except percentages)	**30 June 2023**	31 December 2022	% Change
Cash and bank balances	**223.1**	209.7	6.4%
Shareholders' funds	**3,878.8**	3,716.9	4.4%
Current ratio	**0.05**	0.05	–
Gearing ratio	**56.1%**	57.2%	(1.9%)

The Group's cash and bank balances are held predominantly in Hong Kong dollars. The Group has no significant exposure to foreign exchange fluctuations. The Group has maintained a strong cash position and expects its cash and cash equivalents, and cash generated from operations to be adequate to meet its working capital requirements.

As at 30 June 2023, the Group had total cash and bank balances of approximately HK$223.1 million, as compared to HK$209.7 million as at 31 December 2022. The Group's gearing ratio as at 30 June 2023 was 56.1% (as at 31 December 2022: 57.2%), being calculated as total debts (which includes the loans from an intermediate holding company and amount due to an intermediate holding company) 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 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 30 June 2023, the Group had outstanding principal of unsecured shareholder loans of HK$5,178.2 million (as at 31 December 2022: HK$5,179.8 million). As at 30 June 2023, the Group has no undrawn bank facility (as at 31 December 2022: no undrawn bank facility). The Group actively and regularly reviews and manages its liquidity position and financial resources and makes adjustments in light of changes in economic conditions and business development needs.

For the SFC licensed corporations under the Group, the Group has ensured that each of the licensed corporations maintains a liquidity level adequate to support the level of activities with a sufficient buffer to accommodate increases in liquidity requirements arising from potential increases in the level of business activities. During the six months ended 30 June 2023 and 2022, all the licensed subsidiaries had complied with the liquidity requirements under the Securities and Futures (Financial Resources) Rules.

Charges on Assets

As at 30 June 2023 and 30 June 2022, there are no charges over the assets of the Group.

Operating Activities

Net cash generated from operating activities for the six months ended 30 June 2023 was HK$39.3 million, compared with net cash generated from operating activities of HK$24.0 million for the six months ended 30 June 2022. The increase in operating cash flows was mainly due to the higher revenue in the operations generated and increase in prepayments, deposits and other receivables during the period.

Investing Activities

Net cash used in investing activities for the six months ended 30 June 2023 was HK$0.7 million, compared with net cash generated from investing activities of HK$19.2 million for the six months ended 30 June 2022. The net cash used in investing activities for the six months ended 30 June 2023 was HK$0.7 million as cash used in addition of investment properties of HK$1.7 million was offset by the cash generated from interest received of HK$1.0 million. The net cash generated from investing activities for the six months ended 30 June 2022 of HK$19.2 million was mainly due to the dividend income from an associate of HK$21.4 million.

Financing Activities

Net cash used in financing activities for the six months ended 30 June 2023 was HK$24.8 million compared with net cash used of HK$8.9 million for the six months ended 30 June 2022. The increase in financing cash outflow is mainly due to the increase of interest paid from HK$7.1 million during the six months ended 30 June 2022 to HK$23.2 million during the six months ended 30 June 2023.

Employees and Remuneration Policy

As at 30 June 2023, the Group had a total of 15 employees (as at 30 June 2022: 15 employees). 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.

Interim Dividend

The Board has resolved not to declare any payment of interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

OUTLOOK

This fiscal period has been full of challenges and uncertainty in view of the global macroeconomy. While signs of recovery in China's economy have been seen with enhanced resilience of economic growth, it is still confronted with complicated internal and external situations. Numerous uncertainties in the investment sentiment in the financial market and have presented us with 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 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 income. During this fiscal period, the Group has successfully diversified its tenant mix and enhanced the rental performance.

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

CORPORATE GOVERNANCE

The Board and the Company's management are committed to upholding the Group's obligations to shareholders of the Company. 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 six months ended 30 June 2023, 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 of the Listing Rules, save for the deviation from code provision F.2.2 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.

Code provision F.2.2

Code provision F.2.2 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. Due to other work commitments, the chairlady and members of the Audit Committee of the Company did not attend the Annual General Meeting of the Company held on 16 June 2023 ("**AGM**"). In order to ensure an effective communication with the shareholders, other Board members (including the Chairman of the Board, executive Directors, chairman of the Nomination Committee and member of the Remuneration Committee) attended the AGM to answer relevant questions from the shareholders present thereat. The external auditor of the Company, BDO Limited, also attended the AGM.

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL INFORMATION

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.

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2023 were reviewed by the Audit Committee, which was of the opinion that the preparation of such interim results complied with the applicable accounting standards and requirements and the Listing Rules, and that adequate disclosures have been made. In addition, the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023 were also reviewed by the Group's external auditor, BDO Limited, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", whose review report is included in the 2023 Interim Report to be sent to the shareholders of the Company.

REMUNERATION COMMITTEE

The Remuneration Committee was established in 2000 with its defined written terms of reference (which was revised in March 2017 and January 2023). 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. Huang Wei.

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.

COMPLIANCE WITH THE MODEL CODE AND THE COMPANY'S GUIDELINES

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as the Company's code of conduct for securities transactions by its Directors. Having made specific enquiry with all Directors, all Directors have confirmed their compliance with the required standards set out in the Model Code throughout the six months ended 30 June 2023 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 C.1.3 of the Corporate Governance Code. No incident of non-compliance against the Model Code or the Company's Guidelines by the Company's relevant employees has been noted after making reasonable enquiry.

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

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.gwpaholdings.com). The interim report of the Company for the six months ended 30 June 2023 containing the information required by Appendix 16 to the Listing Rules will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 30 August 2023

As at the date of this announcement, the Board consists of Mr. Wang Hai and Mr. Huang Wei 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*