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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

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 2024, together with the comparative unaudited figures for the corresponding period in 2023, as follows:

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2024

		(Unaudited) 30 June 2024	(Audited) 31 December 2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Investment properties	4	3,411,900	3,328,900
Investments in associates	5	5,433,734	5,387,008
Property, plant and equipment	3	507,064	510,478
Deferred tax asset	14	104	104
		9,352,802	9,226,490

* For identification purpose only

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2024

		(Unaudited) 30 June 2024 <i>HK\$'000</i>	(Audited) 31 December 2023 <i>HK\$'000</i>
	<i>Notes</i>		
Current assets			
Accounts receivable	7	5,557	6,179
Prepayments, deposits and other receivables	8	14,315	14,744
Current tax recoverable		–	153
Amount due from an intermediate holding company	6	7,498	162
Pledged bank deposits		12,200	–
Cash and bank balances		191,181	232,523
		230,751	253,761
Total assets		9,583,553	9,480,251
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	14	18,245	18,241
Other payables and accrued liabilities		–	8,682
		18,245	26,923
Current liabilities			
Other payables and accrued liabilities	11	234,816	72,602
Loans from an intermediate holding company	10	4,470,000	5,370,000
Bank borrowing	9	848,607	–
Amount due to an intermediate holding company		1,207	6,710
Current tax liabilities		4,822	2,470
		5,559,452	5,451,782
Total liabilities		5,577,697	5,478,705
EQUITY			
Capital and reserves			
Share capital	12	156,775	156,775
Reserves		3,849,081	3,844,771
Total equity		4,005,856	4,001,546
Total equity and liabilities		9,583,553	9,480,251

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2024

		(Unaudited)	
		For the six months ended 30 June	
		2024	2023
	Notes	HK\$'000	HK\$'000
Revenue	2	60,948	61,228
Other income and gains or losses		100	314
Rental and utilities		(5,462)	(5,166)
Depreciation	3	(3,414)	(3,488)
Other operating expenses		(15,687)	(17,247)
Fair value gain on investment properties	4	78,789	26,295
Operating profit		115,274	61,936
Net finance cost	13	(173,113)	(128,179)
Share of profits of associates	5	64,866	231,374
Profit before income tax		7,027	165,131
Income tax expense	14	(2,509)	(2,706)
Profit for the period		4,518	162,425
Other comprehensive income			
Item that may be/has been reclassified subsequently to profit or loss:			
Currency translation difference on consolidation		(208)	(538)
Other comprehensive income for the year, net of tax		(208)	(538)
Total comprehensive income for the period		4,310	161,887
Profit attributable to:			
Equity holders of the Company		4,518	162,425
Total comprehensive income attributable to:			
Equity holders of the Company		4,310	161,887
Earnings per share attributable to the equity holders of the Company			
Basic	15	HK0.29 cents	HK10.36 cents
Diluted		HK0.29 cents	HK10.36 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 2024 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 the applicable disclosure requirements 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 2023, 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 2023.

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.

The Group has prepared the condensed consolidated interim financial statements on the basis of going concern. The Group recorded net current liabilities of HK\$5,328,701,000 as at 30 June 2024. As at 30 June 2024, the Group’s current liabilities included loans from an intermediate holding company and bank borrowing amounting to HK\$4,470,000,000 and HK\$848,607,000, respectively.

In view of the net current liabilities position, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance when assessing whether the Group will have sufficient financial resources to continue as a going concern and meet its liabilities as and when they fall due in the foreseeable future. The Group has been in active communication with an intermediate holding company and a bank to secure the necessary borrowings and to provide new facilities to fund the Group’s capital expenditure and operations.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

The Directors have prepared a cash flow forecast for the Group which covers a period of twelve months from the end of the current reporting period. Taking into account the positive cash flows from operation, adequate loan from an intermediate holding company and bank borrowing up to the date of approval of these condensed consolidated interim financial statements and the ability of management in adjusting the pace of its operation expansion, the Directors consider that the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due. Therefore, there are no material uncertainties that may cast significant doubt over the going concern assumption and the Directors have formed a judgement that there is a reasonable expectation that the Group has adequate resources to operate for the foreseeable future.

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 2023 except for the adoption of amendments to HKFRSs effective for the financial year ending 31 December 2024.

Amended standards adopted by the Group

There are a number of amendments to accounting standards that become applicable for annual reporting periods commencing on or after 1 January 2024 and current reporting period:

- Classification of Liabilities as Current or Non-Current – Amendments to HKAS 1
- Non-current Liabilities with Covenants - Amendments to HKAS 1
- Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7
- Lease Liability in a Sale and Leaseback - Amendments to HKFRS 16

The adoption of the amendments of HKFRSs 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 (“CEO”) of the Group, who reviews the Group's internal reporting in order to assess performance and allocate resources. The Company's management has determined the operating segments based on these reports.

The Group has two reportable segments, property investment and financial services segments for the periods ended 30 June 2024 and 2023.

2. REVENUE AND SEGMENT INFORMATION (Continued)

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

The financial services segment primarily engages in regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”).

In 2023, the Group has ceased to carry on Type 1 (dealing in securities), Type 4 (advising on securities), and Type 6 (advising on corporate finance) regulated activities under the SFO. Requests for the reduction of Type 1 and Type 4 regulated activities and revocation of Type 6 regulated activities have been submitted to the Securities and Futures Commission (the “SFC”).

The SFC has agreed to reduce the Group’s Type 1 and Type 4 regulated activities under section 127(1) of the SFO with effective from 6 June 2023. On 4 January 2024, the SFC agreed to revoke the Group’s license for Type 6 (advising on corporate finance) regulated activities under section 195(1)(d) of the SFO.

During the current reporting period, the Group is licensed to carry on Type 9 (asset management) regulated activity under the SFO. However, the financial services segment did not generate any revenue (for the six months ended 30 June 2023: nil).

The chief operating decision-maker assesses the performance of the operating segments based on profit or loss for reportable segments. The Group considers that the measurement principles for profit or loss for reportable segments are most consistent with those used in measuring the corresponding amounts in the Group’s financial statements. Hence, profit or loss for reportable segments 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 material accounting policy information in the consolidated financial statements for the year ended 31 December 2023 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.

2. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue for the six months ended 30 June 2024 and the six months ended 30 June 2023 consists of revenue from property investment and financial services segments. The total revenue for the six months ended 30 June 2024 and 30 June 2023 were HK\$60,948,000 and HK\$61,228,000 respectively. No revenue for financial service segment was generated for the six months ended 30 June 2024 and 30 June 2023.

The segment information for the six months ended 30 June 2024 and 2023 is as follows:

(a) Reportable segment profit or loss

For the six months ended 30 June 2024

	(Unaudited)		
	Property investment <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	60,948	–	60,948
Reportable segment net profit/(loss)	<u>86,310</u>	<u>(6,177)</u>	<u>80,133</u>

For the six months ended 30 June 2023

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

(b) **Reconciliation of reportable segment profit or loss**

	(Unaudited)	
	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit for reportable segments	<u>80,133</u>	<u>38,120</u>
Reconciling items:		
Share of profits of associates under equity method of accounting	64,866	231,374
Finance cost for the financing the Group's investment in an associate (<i>Note</i>)	(146,985)	(106,075)
Other corporate and treasury activities	<u>6,504</u>	<u>(994)</u>
Profit for the period	<u><u>4,518</u></u>	<u><u>162,425</u></u>

Note: The finance cost for the six months ended 30 June 2024 of HK\$146,985,000 (for the six months ended 30 June 2023: HK\$106,075,000) 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 <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 2024 (audited)	-	367	210	2,360	507,541	-	510,478
Depreciation	-	(35)	(26)	(204)	(3,149)	-	(3,414)
Net book value at 30 June 2024 (unaudited)	-	332	184	2,156	504,392	-	507,064
At 30 June 2024							
Cost	18	1,283	637	5,303	629,750	717	637,708
Accumulated depreciation and impairment losses	(18)	(951)	(453)	(3,147)	(125,358)	(717)	(130,644)
Net book value at 30 June 2024 (unaudited)	-	332	184	2,156	504,392	-	507,064
	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 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

4. INVESTMENT PROPERTIES

	(Unaudited) 30 June 2024 HK\$'000	(Audited) 31 December 2023 HK\$'000
At 1 January 2024/2023	3,328,900	3,251,900
Fair value change:		
– Capitalised expenses	4,211	2,467
– Fair value gain (Note (a))	78,789	74,533
	<u>3,411,900</u>	<u>3,328,900</u>
At 30 June 2024/31 December 2023	<u>3,411,900</u>	<u>3,328,900</u>

- (a) The Group's investment properties were valued by an independent professional valuer, Sinoappraisal Advisory Limited (“**Sinoappraisal**”), to determine their fair values as at 30 June 2024 (as at 31 December 2023: Savills Valuation and Professional Service Limited and CBRE Advisory Hong Kong Limited). The Group has adopted such valuation and recognised a fair value gain of HK\$78,789,000 for the six months ended 30 June 2024 (for the year ended 31 December 2023: fair value gain of HK\$74,533,000) 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 2023, except for the rental rates and capitalisation rates.

Rental rates are estimated based on recent lettings of HK\$66.1 psf for retail shops (31 December 2023: HK\$62.0 psf), HK\$3,312.6 per car parking space (31 December 2023: HK\$3,502.0 per car parking space), HK\$54.7 psf to HK\$74.8 psf for office buildings (31 December 2023: HK\$46.4 psf to HK\$80.6 psf), and HK\$10.0 psf to HK\$27.8 psf for industrial properties (31 December 2023: HK\$10.0 psf to HK\$28.6 psf). With other variable(s) held constant, the lower the rents, the lower the fair value.

At 30 June 2024, capitalisation rates of 2.50% to 4.10% (at 31 December 2023: 2.50% 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 2024, by the level 3 (31 December 2023: 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.

- (b) As at 30 June 2024, the carrying amount of investment properties of HK\$2,091,000,000 has been pledged for the bank borrowing of the Group. Further details are set out in Note 9.

5. INVESTMENT IN ASSOCIATES

	(Unaudited) 30 June 2024 HK\$'000	(Audited) 31 December 2023 HK\$'000
At 1 January 2024/2023	5,387,008	4,960,708
Share of profits of associates	64,866	426,300
Dividend from an associate	(18,140)	–
	<u>5,433,734</u>	<u>5,387,008</u>
At 30 June 2024/31 December 2023	<u>5,433,734</u>	<u>5,387,008</u>

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 2024 and 31 December 2023 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 2024 HK\$'000	(Audited) 31 December 2023 HK\$'000
Non-current assets	32,073,115	31,794,777
Current assets	415,808	442,778
Non-current liabilities	(24,254,646)	(10,482,549)
Current liabilities	(414,107)	(14,090,610)
	<u>7,820,170</u>	<u>7,664,396</u>

Summarised statement of comprehensive income

	(Unaudited) For the six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Revenue	634,625	559,149
Profit and total comprehensive income for the period	<u>215,774</u>	<u>773,675</u>

5. INVESTMENT IN ASSOCIATES (Continued)

Summarised financial information for the principal associate (Continued)

Reconciliation of summarised financial information

	(Unaudited)	
	30 June 2024 HK\$'000	30 June 2023 HK\$'000
Profit and total comprehensive income for the year	215,774	773,675
Less: Net profit attributable to non-controlling interest of Everwell City's subsidiaries	<u>(35,042)</u>	<u>(127,016)</u>
	180,732	646,659
Group's shareholdings	35.78%	35.78%
Group's share of net profit attributable to equity holders (<i>Note (i)</i>)	<u>64,666</u>	<u>231,374</u>

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 2024, the amount due from an intermediate holding company of HK\$7,498,000 (31 December 2023: HK\$162,000) represents mainly the rental income receivable for the period ended 30 June 2024 and consultancy income receivable for the year ended 31 December 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 2024		31 December 2023	
	Balance	Percentage	Balance	Percentage
	HK\$'000	%	HK\$'000	%
Current	2,780	49.9	5,118	82.2
Less than 30 days past due	1,741	31.2	982	15.8
31 to 60 days past due	544	9.8	39	0.6
61 to 90 days past due	488	8.8	1	0.1
Over 90 days past due	23	0.3	83	1.3
	5,576	100.0	6,223	100.0
Allowance for impairment	(19)		(44)	
Total	5,557		6,179	

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 2024, the balance represents mainly utility and management fee deposits of HK\$3,782,000 (31 December 2023: HK\$3,580,000) and rent-free receivable of HK\$9,402,000 (31 December 2023: HK\$11,048,000).

9. BANK BORROWING

	(Unaudited)	(Audited)
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Current		
Bank loan (Note (i))	848,607	–

9. BANK BORROWING (Continued)

Note:

- (i) The loan is denominated in HK\$ with interest rate at Hong Kong Interbank Offered Rate plus 1.2% per annum and is repayable by March 2025. As at 30 June 2024, the Group has no available undrawn banking facility. The Group has pledged an investment property of carrying amount of HK\$2,091,000,000 and pledged bank deposits of HK\$12,200,000 to the lender, as a collateral of bank loan.

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

	(Unaudited) 30 June 2024 HK\$'000	(Audited) 31 December 2023 HK\$'000
HK\$	<u>848,607</u>	<u>–</u>

10. LOANS FROM AN INTERMEDIATE HOLDING COMPANY

In November 2022, Great Wall International, an intermediate holding company, had agreed to modify and restructure certain existing term loan with accumulated accrued interest and provide a new term loan in principal amount of HK\$4,382,000,000 for one year with fixed interest rate of 5% per annum, and was repayable by November 2023.

In November 2023, Great Wall International and the Company reached an agreement to modify and restructure certain terms of the term loan. The new term loan has a principal amount of HK\$4,470,000,000 for one year with interest rate at Hong Kong Interbank Offered Rate plus 2% per annum. The new term loan is denominated in HK\$, unsecured and repayable by November 2024.

In February 2022, Great Wall International agreed to provide a new 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 was 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. The New Term Loan is denominated in HK\$, unsecured and repayable by February 2024. During the current reporting period, the New Term Loan has been repaid.

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)	(Audited)
	30 June	31 December
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest payable	189,872	38,637
Deposits received from tenants	26,276	26,827
Other payables and accrued expenses	13,614	10,942
Rental received in advance	3,936	3,280
Others	1,118	1,598
	<u>234,816</u>	<u>81,284</u>
Represented by:		
Non-current portion	–	8,682
Current portion	234,816	72,602
	<u>234,816</u>	<u>81,284</u>

12. SHARE CAPITAL

	(Unaudited)		(Audited)	
	30 June 2024		31 December 2023	
	Number of	Amount	Number of	Amount
	shares	<i>HK\$'000</i>	shares	<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:				
Ordinary shares of HK\$0.10 each	<u>1,567,745,596</u>	<u>156,775</u>	<u>1,567,745,596</u>	<u>156,775</u>

13. NET FINANCE COST

	(Unaudited)	
	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance cost/(income)		
– Interest expenses on the loans from an intermediate holding company (<i>Note 10</i>)	170,816	129,226
– Interest expenses on bank loan (<i>Note 9</i>)	4,108	–
– Interest income from bank	(1,811)	(1,047)
	<u>173,113</u>	<u>128,179</u>

14. INCOME TAX EXPENSE

Hong Kong profits tax has been provided for at a rate of 16.5% (2023: 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 2024 (2023: 25%). The subsidiaries operating in the PRC were loss making for the six months ended 30 June 2024 and 2023 and were not subject to PRC corporate income tax.

	(Unaudited)	
	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax		
Hong Kong profits tax	2,505	2,703
Deferred income tax		
Deferred tax expense	4	3
	<u>2,509</u>	<u>2,706</u>

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
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Deferred tax assets	104	104
Deferred income tax liabilities	(18,245)	(18,241)
	<u>(18,141)</u>	<u>(18,137)</u>

14. INCOME TAX EXPENSE (Continued)

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

	Accelerated tax depreciation	
	(Unaudited)	(Audited)
	2024	2023
	HK\$'000	HK\$'000
At 1 January	(18,137)	(18,095)
Charged to profit for the period/year	(4)	(42)
At 30 June/31 December	<u>(18,141)</u>	<u>(18,137)</u>

15. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company for the six months ended 30 June 2024 of HK\$4,518,000 (profit attributable to equity holders for the six months ended 30 June 2023: HK\$162,245,000), and the weighted average of 1,567,745,596 shares in issue (for the six months ended 30 June 2023: 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 2024 (for the six months ended 30 June 2023: Nil).

16. DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

The Board had resolved not to recommend any payment of final dividend for the year ended 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS OF THE GROUP

The Group's consolidated operating results for the six months ended 30 June 2024 and 2023 were as follows:

<i>(HK\$ millions, except percentages and per share amounts)</i>	For the six months ended 30 June		
	2024	2023	% Change
Revenue	60.9	61.2	(0.5%)
Depreciation	(3.4)	(3.5)	(2.9%)
Rental and utilities	(5.5)	(5.2)	5.8%
Other operating expenses	(15.6)	(17.2)	(9.3%)
Adjusted operating profit[^]	36.4	35.3	3.1%
Other income	0.1	0.3	(66.7%)
Fair value gain on investment properties	78.8	26.3	**
Operating profit	115.3	61.9	86.3%
Net finance cost	(173.1)	(128.2)	35.0%
Share of profits of associates	64.8	231.4	(72.0%)
Profit before income tax	7.0	165.1	(95.8%)
Income tax expense	(2.5)	(2.7)	(7.4%)
Profit for the period	<u>4.5</u>	<u>162.4</u>	<u>(97.2%)</u>
Profit attributable to equity holders	<u>4.5</u>	<u>162.4</u>	<u>(97.2%)</u>
Earnings per share (HK cents)	<u>0.3</u>	<u>10.4</u>	<u>(97.2%)</u>

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

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

Profit attributable to equity holders for the six months ended 30 June 2024 amounted to HK\$4.5 million, representing a decrease of 97.2% as compared with profit attributable to equity holders of HK\$162.4 million for the six months ended 30 June 2023. Earnings per share was HK0.3 cents for the six months ended 30 June 2024, based on weighted average of 1,567,745,596 shares in issue (earnings per share for the six months ended 30 June 2023: HK10.4 cents, based on 1,567,745,596 shares in issue). Profit for the six months ended 30 June 2024 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 2024 of HK\$78.8 million (revaluation gain of investment properties for the six months ended 30 June 2023: HK\$26.3 million), the loss attributable to equity holders for the six months ended 30 June 2024 was HK\$74.3 million (the profit attributable to equity holders for the six months ended 30 June 2023: HK\$136.1 million), representing a year-on-year decrease of 154.6%. The decrease of the Group's interim profit was mainly due to the decreased share of profits of associates of approximately HK\$64.8 million for the six months ended 30 June 2024 (for the six months ended 30 June 2023: HK\$231.4 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 2024 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 24 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 2024, 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\$60.9 million for the six months ended 30 June 2024, as compared to HK\$61.2 million for the corresponding period last year. For the six months ended 30 June 2024, the Group's revenue decreased by 0.5% to HK\$60.9 million (for the six months ended 30 June 2023: HK\$61.2 million) due to the decrease of revenue from property investment segment and profit attributable to equity holders of HK\$4.5 million was recorded (for the six months ended 30 June 2023: profit attributable to equity holders of HK\$162.4 million).

The Group resulted in the growth in gain in fair value of the Group's investment properties by 199.6% to HK\$78.8 million for the six months ended 30 June 2024 (for the six months ended 30 June 2023: fair value gain of HK\$26.3 million) and the decreased share of profits of the Group's associates of HK\$64.8 million for the six months ended 30 June 2024 (for the six months ended 30 June 2023: HK\$231.4 million). As at 30 June 2024, capitalisation rates range from 2.50% to 4.10% (at 31 December 2023: range from 2.50% 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 2024, rental rates of HK\$10.0 psf to HK\$74.8 psf and HK\$3,312.6 per car parking space (at 31 December 2023: HK\$10.0 psf to HK\$79.8 psf and HK\$3,502.0 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 2024 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 services (licensed by the SFC to carry out 9 regulated activity). The performance of financial services segment is 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 2024 and 2023 by business segments and for the Group were as follows:

<i>(HK\$ millions, except percentages)</i>	For the six months ended 30 June		
	2024	2023	% Change
Property investment	60.9	61.2	(0.5%)
Financial services	<u>—</u>	<u>—</u>	<u>—</u>
Total revenue	<u>60.9</u>	<u>61.2</u>	<u>(0.5%)</u>

FINANCIAL REVIEW BY OPERATING SEGMENTS

The Group’s reportable and operating segments during the six months ended 30 June 2024 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 service (licensed by the SFC to carry out Types 9 regulated activity).

Property Investment

<i>(HK\$ millions, except percentages)</i>	For the six months ended 30 June		
	2024	2023	% Change
Revenue	60.9	61.2	(0.5%)
Adjusted EBITDA[^]	34.5	34.7	(0.6%)
Depreciation	(3.1)	(3.1)	–
Adjusted operating profit	31.4	31.6	(0.6%)
Fair value gain on investment properties and other income	86.2	33.6	**
Net finance cost	(28.8)	(23.1)	24.7%
Income tax expense	(2.5)	(2.7)	(7.4%)
Profit attributable to equity holders[#]	86.3	39.4	**

[^] *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\$78.8 million for six months ended 30 June 2024 and fair value gain on investment properties of HK\$26.3 million for six months ended 30 June 2023.*

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

Revenue of property investment segment for the first half of 2024 was HK\$60.9 million, compared with HK\$61.2 million in the first half of 2023. The decrease was mainly due to the decrease in revenue generated from the new rental agreement relating to Seaview Estate in North Point.

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 2024 was HK\$78.8 million, compared with the fair value gain of HK\$26.3 million in the first half of 2023. 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 2024.

The Group's investment properties were revalued as at 30 June 2024 by an independent professionally qualified valuer, Sinoappraisal Advisory Limited (as at 31 December 2023: Savills Valuation and Professional Services Limited and CBRE Advisory Hong Kong 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

<i>(HK\$ millions, except percentages)</i>	For the six months		
	ended 30 June		
	2024	2023	% Change
Revenue	–	–	–
Adjusted EBITDA[^]	(6.2)	(1.4)	**
Depreciation	–	–	–
Adjusted operating loss	(6.2)	(1.4)	**
Net finance income	–	0.2	**
Income tax expense	–	–	–
Loss attributable to equity holders	(6.2)	(1.2)	**

** 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 finance services segment for the first half of 2024 and 2023 following the cessation of the business of Type 6 (advising on corporate finance) regulated activity under the SFO in year 2023.

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\$5,433.7 million as at 30 June 2024 (as at 30 June 2023: HK\$5,192.1 million) and represented around 56.70% of the total assets of the Group as at 30 June 2024 (as at 30 June 2023: 56.18%). The Group's share of profit of an associate from JV Group was approximately HK\$64.8 million for the first half of 2024 (for the first half of 2023: HK\$231.4 million). The share of profit of an associate of the Group for the six months ended 30 June 2024 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 2024. 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 2024 and 31 December 2023 were as follows:

<i>(HK\$ millions, except percentages)</i>	30 June 2024	31 December 2023	% Change
Cash and bank balances	191.2	232.5	(17.8%)
Shareholders' funds	4,005.9	4,001.5	0.1%
Current ratio	0.04	0.05	(20.0%)
Gearing ratio	56.1%	56.2%	(0.2%)

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 2024, the Group had total cash and bank balances of approximately HK\$191.2 million, as compared to HK\$232.5 million as at 31 December 2023. The Group's gearing ratio as at 30 June 2024 was 56.1% (as at 31 December 2023: 56.2%), being calculated as total debts (which includes the loans from an intermediate holding company, bank borrowing 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 and decrease in net debt as a result of the new bank loan has drawdown. As at 30 June 2024, the Group had outstanding principal of unsecured shareholder loans of HK\$4,470.0 million (as at 31 December 2023: HK\$5,370.0 million). As at 30 June 2024, the Group has no undrawn bank facility (as at 31 December 2023: no undrawn bank facility) and the Group had outstanding bank borrowing of approximately HK\$850.0 million as at 30 June 2024 (as at 31 December 2023: nil). 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.

The Group has ensured that the licensed corporations under it 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 2024 and 2023, 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 2024, an investment property of the Group with fair value of approximately HK\$2,091.0 million and bank deposit of HK\$12.2 million were pledged to secure the mortgage loan granted to the Group. As at 31 December 2023, there were no charges over the assets of the Group.

Operating Activities

Net cash generated from operating activities for the six months ended 30 June 2024 was HK\$34.7 million, compared with net cash generated from operating activities of HK\$39.3 million for the six months ended 30 June 2023. The decrease was mainly due to the increase in prepayments, deposits and other receivables during the period.

Investing Activities

Net cash generated from investing activities for the six months ended 30 June 2024 was HK\$3.5 million, compared with net cash used in investing activities of HK\$0.7 million for the six months ended 30 June 2023. The net cash generated from investing activities for the six months ended 30 June 2024 of HK\$3.5 million was mainly due to the dividend income from an associate of HK\$18.1 million which was offset by the increase in pledged bank deposit of HK\$12.2 million. 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.

Financing Activities

Net cash used in financing activities for the six months ended 30 June 2024 was HK\$79.5 million compared with net cash used of HK\$24.8 million for the six months ended 30 June 2023. The increase in financing cash outflow is mainly due to the proceed from bank borrowing of HK\$850 million which was offset by the repayment of loan from an intermediate holding company of HK\$900 million.

Employees and Remuneration Policy

As at 30 June 2024, the Group had a total of 11 employees (as at 30 June 2023: 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 2024 (for the six months ended 30 June 2023: Nil).

OUTLOOK

The rebound of Hong Kong economy continued in 2024, with gross domestic product growing 2.7% year-on-year since the relaxing of the borders pandemic measures in early 2023. Despite a challenging economic backdrop and changing consumer behaviour, Hong Kong has performed steadily, supported by a portfolio of strategically located community commercial assets. Nonetheless, the overall financial and business positions of the Group remain healthy.

The trend of shopping up north poses serious challenges for us but has not yet had a material impact on our entire portfolio since 2023. 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.

This fiscal period has been full of challenges and uncertainty in view of the global macroeconomy. While signs of recovery in economy have been seen, it is still confronted with complicated internal and external situations. Numerous uncertainties in the investment sentiment in the financial market have presented us with severe challenges.

Currently, the Group's investment properties continue to contribute stable stream of income and create value through asset enhancement. 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 the 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 2024, 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 C1 of the Listing Rules. The Company also adheres to certain recommended best practices set out in the Corporate Governance Code insofar as they are relevant and practicable.

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. Ren Zhiqiang. 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 as well as accounting and related financial management expertise.

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2024 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 2024 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 2024 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 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. Wang Zuomin.

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 C3 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 2024 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 2024, 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 2024 containing the information required by Appendix D2 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 2024

As at the date of this announcement, the Board consists of Mr. Wang Hai and Mr. Wang Zuomin as executive Directors of the Company, Mr. Ren Zhiqiang 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*