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C C Land Holdings Limited

中渝置地控股有限公司

(Incorporated in Bermuda with limited liability)

Website: www.ccland.com.hk

(Stock Code: 1224)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The board of directors (the “Board”) of C C Land Holdings Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2018 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	2018 HK\$'000	2017 HK\$'000 (Restated)
REVENUE			
Revenue from contracts with customers	4	-	19,700
Interest income	4	72,418	36,072
Revenue from other sources	4	578,686	408,789
Total revenue		651,104	464,561
Cost of sales		(5,474)	(18,105)
Gross profit		645,630	446,456
Other income and gains, net	4	191,528	445,557
Selling and distribution expenses		-	(713)
Administrative expenses		(297,059)	(333,166)
Impairment losses on financial assets, net		(28,890)	-
Other expenses		(182,911)	(102,833)
Finance costs	5	(245,874)	(152,986)
Share of profits and losses of:			
Joint ventures		55,131	1,652
Associates		53,015	(474)
PROFIT BEFORE TAX	6	190,570	303,493
Income tax expense	7	(19,471)	(11,617)
PROFIT FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		171,099	291,876
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	9	HK4.41 cents	HK8.42 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2018 HK\$'000	2017 HK\$'000
PROFIT FOR THE YEAR	<u>171,099</u>	<u>291,876</u>
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
Available-for-sale investments:		
Changes in fair value	-	555,647
Deferred tax	-	(16,836)
Reclassification adjustment for losses/(gains) included in the consolidated statement of profit or loss		
- gain on disposal, net	-	(13,248)
- impairment loss	-	78,949
	<u>-</u>	<u>604,512</u>
Financial assets at fair value through other comprehensive income:		
Changes in fair value	(38,636)	-
Impairment of financial assets:		
Reclassification adjustment for impairment losses included in the consolidated statement of profit or loss	4,972	-
	<u>(33,664)</u>	<u>-</u>
Exchange differences:		
Release upon disposal of a subsidiary	-	1,748
Translation of foreign operations	(463,904)	674,936
Hedges of net investments in foreign operations		
– effective portion of changes in fair value of hedging instruments during the year	269,931	(578,515)
	<u>(193,973)</u>	<u>98,169</u>
Share of other comprehensive loss of joint ventures	(49,869)	(1,787)
Share of other comprehensive income/(loss) of associates	(21,723)	2,525
	<u>-</u>	<u>-</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>(299,229)</u>	<u>703,419</u>
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Financial assets at fair value through other comprehensive income:		
Changes in fair value	488,318	-
	<u>488,318</u>	<u>-</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>488,318</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>189,089</u>	<u>703,419</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	<u>360,188</u>	<u>995,295</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2018 HK\$'000	2017 HK\$'000
NON-CURRENT ASSETS			
Property and equipment		105,681	99,815
Investment properties		14,394,511	15,228,933
Golf club membership		10,540	10,540
Investments in joint ventures		2,736,999	3,358,046
Investments in associates		914,929	227,116
Financial assets at fair value through other comprehensive income		1,291,140	-
Financial assets at fair value through profit or loss		1,445,963	-
Available-for-sale investments		-	2,687,399
Derivative financial instruments		72,394	44,739
Prepayments, deposits and other receivables		280,808	-
Deferred tax assets		4,938	-
Total non-current assets		21,257,903	21,656,588
CURRENT ASSETS			
Trade receivables	10	5,679	5,308
Loans and interest receivables	11	570,677	130,452
Prepayments, deposits and other receivables		92,523	91,274
Financial assets at fair value through other comprehensive income		76,822	-
Financial assets at fair value through profit or loss		191,995	-
Equity investments at fair value through profit or loss		-	310,874
Derivative financial instruments		56,540	-
Prepaid income tax		3,565	2,715
Deposits with brokerage companies		11,238	12,790
Pledged deposits		1,327,500	5,072,750
Restricted bank balances		142,907	168,302
Cash and cash equivalents		4,701,508	4,719,984
Total current assets		7,180,954	10,514,449
CURRENT LIABILITIES			
Other payables and accruals		514,500	733,627
Derivative financial instrument		-	86,915
Interest-bearing bank borrowings		2,288,458	7,164,578
Tax payable		764,300	852,497
Total current liabilities		3,567,258	8,837,617
NET CURRENT ASSETS		3,613,696	1,676,832
TOTAL ASSETS LESS CURRENT LIABILITIES		24,871,599	23,333,420
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		7,728,486	6,470,533
Deferred tax liabilities		19,623	17,138
Total non-current liabilities		7,748,109	6,487,671
Net assets		17,123,490	16,845,749
EQUITY			
Issued capital	12	388,233	388,233
Reserves		16,735,257	16,457,516
Total equity		17,123,490	16,845,749

Notes:

1. BASIS OF PREPARATION

The Company is incorporated in Bermuda as an exempted company with limited liability and whose shares are publicly traded on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The principal activities of the Group are described in note 3 below.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties and derivative financial instruments which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i>
HKFRS 9	<i>Financial Instruments</i>
HKFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i>
Amendments to HKAS 40	<i>Transfers of Investment Property</i>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i>
<i>Annual Improvements 2014-2016 Cycle</i>	Amendments to HKFRS 1 and HKAS 28

Except for the amendments to HKFRS 4 and *Annual Improvements 2014-2016 Cycle*, which are not relevant to the preparation of the Group’s financial statements, the nature and the impact of the new and revised HKFRSs are described below:

- (a) Amendments to HKFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee’s tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee’s tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The amendments have had no impact on the financial position or performance of the Group as the Group does not have any cash-settled share-based payment transactions and has no share-based payment transactions with net settlement features for withholding tax.
- (b) HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

With the exception of hedge accounting, which the Group has applied prospectively, the Group has recognised the transition adjustments against the applicable opening balances in equity at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECLs").

- (i) The Group has elected the option to irrevocably designate certain of its previous available-for-sale equity investments as equity investments at fair value through other comprehensive income.
- (ii) The Group has classified its unlisted fund investments previously classified as available-for-sale investments as financial assets measured at fair value through profit or loss as these non-equity investments did not pass the contractual cash flow characteristics test in HKFRS 9.
- (iii) As of 1 January 2018, the Group has assessed its liquidity portfolio of debt investments which had previously been classified as available-for-sale investments. The objective of the Group in holding this liquidity portfolio is to earn interest income and, at the same time, manage everyday liquidity needs. The Group concluded that these debt investments are managed within a business model to collect contractual cash flows and to sell the financial assets. Accordingly, the Group has classified these investments as debt investments measured at fair value through other comprehensive income.
- (iv) The Group has reclassified its previous equity investments at fair value through profit or loss as financial assets at fair value through profit or loss.

Impairment

The following table reconciles the aggregate opening impairment allowances under HKAS 39 to the ECL allowances under HKFRS 9.

	Impairment allowances under HKAS 39 at 31 December 2017 HK\$'000	Re-measurement HK\$'000	ECL allowances under HKFRS 9 at 1 January 2018 HK\$'000
Available-for-sale investments under HKAS 39/debt investments at fair value through other comprehensive income under HKFRS 9	-	1,619	1,619
Loans and interest receivables	-	5,748	5,748
	<u>-</u>	<u>7,367</u>	<u>7,367</u>

Hedge accounting

The Group has applied hedge accounting under HKFRS 9 prospectively. At the date of initial application of HKFRS 9, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. Before the adoption of HKFRS 9, the Group designated the change in fair value of forward contracts and the changes in the carrying amount of foreign currency-denominated bank borrowings in its net investment hedge relationships. Upon adoption of HKFRS 9, the Group continues to designate the forward contracts and the foreign currency-denominated bank borrowings in its net investment hedge relationships. The adoption of the hedge accounting requirements of HKFRS 9 has had no impact on the Group's financial statements.

- (c) HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The directors of the Company have assessed the impact on application of HKFRS 15 and determined that the application of HKFRS 15 does not have any impact on the timing and amounts of revenue recognised in the respective reporting periods. However, the application of HKFRS 15 has resulted in more disclosures.
- (d) Amendments to HKAS 40 clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments have had no impact on the financial position or performance of the Group.
- (e) HK(IFRIC)-Int 22 provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. The interpretation has had no impact on the Group's financial statements as the Group's accounting policy for the determination of the exchange rate applied for initial recognition of non-monetary assets or non-monetary liabilities is consistent with the guidance provided in the interpretation.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- Property development and investment segment – Development and investment of properties
- Treasury investment segment – Investments in securities and notes receivable, and provision of financial services

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that finance costs and head office and corporate income and expenses are excluded from such measurement.

Information regarding the reportable segments is presented below.

Reportable segment information

Year ended 31 December 2018

	Property development and investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
Segment revenue			
Revenue from external customers	490,119	160,985	651,104
Segment results			
	532,291	(31,136)	501,155
Corporate and unallocated expenses			(64,711)
Finance costs			(245,874)
Profit before tax			190,570
Other segment information:			
Share of profits of:			
Joint ventures	55,131	-	55,131
Associates	53,015	-	53,015
Capital expenditure in respect of items of property and equipment	10,871	-	10,871
Depreciation	4,869	-	4,869
Fair value gains on derivative financial instruments – transaction not qualifying as hedges	35,767	-	35,767
Fair value gains on ineffectiveness of hedges of net investment in foreign operation	18,311	-	18,311
Fair value gains on investment properties, net	46,741	-	46,741
Fair value losses on financial assets at fair value through profit or loss, net	-	119,717	119,717
Impairment losses on financial assets, net	-	28,890	28,890
Investments in joint ventures	2,736,999	-	2,736,999
Investments in associates	914,929	-	914,929

Year ended 31 December 2017

	Property development and investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
Segment revenue			
Revenue from external customers	362,591	101,970	464,561
Segment results	563,280	(41,660)	521,620
Corporate and unallocated expenses			(65,141)
Finance costs			(152,986)
Profit before tax			303,493
Other segment information:			
Share of profits/(losses) of:			
Joint ventures	1,652	-	1,652
Associates	(474)	-	(474)
Capital expenditure in respect of items of property and equipment	1,572	-	1,572
Depreciation	4,192	-	4,192
Fair value gains on derivative financial instruments	44,928	-	44,928
Fair value gains on investment properties, net	33,245	-	33,245
Fair value losses on equity investments at fair value through profit or loss, net	-	4,159	4,159
Impairment of an available-for-sale investment	-	78,949	78,949
Investments in joint ventures	3,358,046	-	3,358,046
Investments in associates	227,116	-	227,116

Geographical information

(a) Revenue from external customers

	2018 HK\$'000	2017 HK\$'000
United Kingdom	490,119	342,891
Mainland China	53,960	92,666
Hong Kong	107,025	29,004
	651,104	464,561

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2018 HK\$'000	2017 HK\$'000
United Kingdom	16,311,664	18,475,123
Mainland China	1,306,683	95,617
Hong Kong	626,499	197,621
Australia	192,266	156,089
	<u>18,437,112</u>	<u>18,924,450</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenue of HK\$99,041,000 and HK\$68,735,000 (2017: HK\$59,114,000 and HK\$47,539,000) were derived from two (2017: two) tenants in the property development and investment segment.

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of the Group's revenue, other income and gains, net, is as follows:

	2018 HK\$'000	2017 HK\$'000 (Restated)
<u>Revenue</u>		
<i>Revenue from contracts with customers</i>		
Sales of properties	-	19,700
<i>Interest income</i>		
Interest income from debt investments	20,866	10,988
Interest income from loans receivable	51,552	25,084
	<u>72,418</u>	<u>36,072</u>
<i>Revenue from other sources</i>		
Gross rental income	490,119	342,891
Losses on disposal of equity investments at fair value through profit or loss, net	-	(17,474)
Gains on disposal of financial assets at fair value through profit or loss, net	25,757	-
Dividend income from listed equity investments	12,513	10,406
Dividend income from unlisted fund investments	50,297	72,966
	<u>578,686</u>	<u>408,789</u>
	<u>651,104</u>	<u>464,561</u>

	2018 HK\$'000	2017 HK\$'000
<u>Other income and gains, net</u>		
Bank interest income	40,942	17,309
Other interest income	-	32,624
Gains on bargain purchase on acquisition of subsidiaries	-	101,572
Gain on disposal of a joint venture	-	84,720
Fair value gains on derivative financial instruments		
- transaction not qualifying as hedges	35,767	44,928
Fair value gains on ineffectiveness of hedges of net investment in foreign operations	18,311	-
Fair value gains on investment properties, net	46,741	33,245
Gains on disposal of financial assets at fair value through profit or loss, net	47,030	-
Gains on disposal of available-for-sale investments	-	13,248
Compensation from a contractor	-	11,346
Gain on disposal of items of property and equipment	-	176
Exchange gains, net	-	106,335
Others	2,737	54
	<u>191,528</u>	<u>445,557</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2018 HK\$'000	2017 HK\$'000
Interest on bank borrowings	<u>245,874</u>	<u>152,986</u>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2018 HK\$'000	2017 HK\$'000
Cost of properties sold	-	15,356
Depreciation	4,869	4,192
Less: Amount capitalised	-	(25)
	<u>4,869</u>	<u>4,167</u>
Minimum lease payments under operating leases	16,992	8,895
Auditor's remuneration	4,800	5,253
Employee benefit expense (including directors' remuneration):		
Wages and salaries	178,411	161,259
Pension scheme contributions	5,233	4,571
Less: Amount capitalised	-	(534)
	<u>183,644</u>	<u>165,296</u>
Foreign exchange differences, net	63,108	(106,335)

Impairment of financial assets, net		
Impairment of debt investments at fair value through other comprehensive income	4,972	-
Impairment of loans and interest receivables, net	23,918	-
	<u>28,890</u>	<u>-</u>
Gross rental income	(490,119)	(342,891)
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	5,474	2,749
Net rental income	<u>(484,645)</u>	<u>(340,142)</u>

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable in elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2018 HK\$'000	2017 HK\$'000
Current charge for the year		
Hong Kong	5,247	522
Mainland China	18,506	7,660
United Kingdom	13,305	9,256
Underprovision/(overprovision) in prior years		
Hong Kong	493	(363)
Mainland China	(8,088)	(2,245)
United Kingdom	(9,331)	-
Deferred tax	<u>(661)</u>	<u>(3,213)</u>
Total tax charge for the year	<u>19,471</u>	<u>11,617</u>

8. DIVIDENDS

	2018 HK\$'000	2017 HK\$'000
Proposed final: HK\$0.02 (2017: HK\$0.02) per ordinary share	<u>77,647</u>	<u>77,647</u>

The final dividend for the year ended 31 December 2018 proposed subsequent to the reporting period has not been recognised as a liability at the end of the reporting period and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

No interim dividend was declared in respect of the years ended 31 December 2018 and 2017.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the year.

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted earnings per share for the year ended 31 December 2017 had been adjusted to reflect the impact of the Rights Issue (as defined in note 12 below) completed on 28 April 2017.

No adjustment has been made to the basic earnings per share presented for the years ended 31 December 2018 and 2017 in respect of a dilution as the share options outstanding had no dilutive effect on the basic earnings per share presented.

The calculations of basic and diluted earnings per share are based on:

	2018	2017
	HK\$'000	HK\$'000
<u>Earnings</u>		
Profits attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<u>171,099</u>	<u>291,876</u>
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	<u>3,882,334,668</u>	<u>3,466,735,021</u>

10. TRADE RECEIVABLES

	2018	2017
	HK\$'000	HK\$'000
Trade receivables	<u>5,679</u>	<u>5,308</u>

The trade receivables primarily include rental receivables which are normally billed in advance and due on the first day of the billing period. Certain tenants are required to pay security deposits which are held by the property manager on trust for both the Group and the Group's tenants. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management.

An ageing analysis of the trade receivables at the end of the reporting period, based on the invoice date, is as follows:

	2018	2017
	HK\$'000	HK\$'000
Within 1 month	1,225	4,230
1 to 2 months	4,454	-
3 to 6 months	-	1,078
	<u>5,679</u>	<u>5,308</u>

Impairment under HKFRS 9 for the year ended 31 December 2018

The Group's tenants normally settle their bills in a timely manner and the Group's trade receivables as at the end of the reporting period aged less than three months. As such, the Group's exposure to credit risk is insignificant and the directors of the Company were of the opinion that the ECL of these rental receivables is minimal.

Impairment under HKAS 39 for the year ended 31 December 2017

An ageing analysis of the trade receivables as at 31 December 2017 that were not considered to be impaired under HKAS 39 is as follows:

	2017 HK\$'000
Neither past due nor impaired	2,192
Less than 1 month past due	2,038
3 to 6 months past due	1,078
	<u>5,308</u>

Receivables that were past due but not impaired related to a customer that had a good track record with the Group. Based on past experience, the directors of the Company were of the opinion that no provision for impairment under HKAS 39 was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable.

11. LOANS AND INTEREST RECEIVABLES

	2018 HK\$'000	2017 HK\$'000
Loans receivable		
Secured	40,000	130,000
Unsecured	540,000	-
	<u>580,000</u>	<u>130,000</u>
Less: Impairment allowance	(29,666)	-
	<u>550,334</u>	<u>130,000</u>
Interest receivable	20,343	452
	<u>570,677</u>	<u>130,452</u>

The Group's loans receivable are stated at amortised cost at effective interest rates ranging from 7% to 20% per annum. The credit terms of these loans receivable range from 1 month to 12 months.

As at 31 December 2018, the Group's loans receivable amounted to HK\$40,000,000 (2017: HK\$130,000,000) and HK\$350,000,000 (2017: Nil) were secured by certain antiques (2017: certain antiques and the equity interest of a private company) and guaranteed by a shareholder of the borrower, respectively. The market values of the collateral held by the Group are not readily determinable or can be reasonably established and verified.

As these loans receivable relate to a number of different borrowers, the directors are of the opinion that there is no significant concentration of credit risk over these loans receivable. The carrying amounts of these loans receivable approximate to their fair values.

The movements in the loss allowance for the impairment of loans and interest receivables are as follows:

Impairment under HKFRS 9 for the year ended 31 December 2018

	2018	2017
	HK\$'000	HK\$'000
At 1 January	-	-
Effect of adoption of HKFRS 9	5,748	-
	<hr/>	<hr/>
At 1 January (restated)	5,748	-
Impairment losses, net		
Loans repaid/derecognised	(2,064)	-
New loans granted	25,982	-
	<hr/>	<hr/>
	23,918	-
	<hr/>	<hr/>
At 31 December	29,666	-
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2018, none of the loans and interest receivables were overdue (2017: Nil) and all the balances were categorised within Stage 1 for the measurement of expected credit losses. An impairment analysis is performed at each reporting date by considering the expected credit losses, which are estimated by applying the probability of default approach with reference to the risks of default of the borrowers or comparable companies. As at 31 December 2018, the probability of default applied ranged from 2.48% to 27.32% and the loss given default was estimated to be approximately 52%.

Impairment under HKAS 39 for the year ended 31 December 2017

At 31 December 2017, all the loans and interest receivables were not past due, and not individually nor collectively considered to be impaired, and related to a number of independent loan borrowers for whom there was no recent history of default. Based on past experience, the directors of the Company were of the opinion that no provision for impairment under HKAS 39 was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable.

12. SHARE CAPITAL

	2018	2017
	HK\$'000	HK\$'000
Authorised:		
5,000,000,000 (2017: 5,000,000,000) ordinary shares of HK\$0.10 (2017: HK\$0.10) each	500,000	500,000
	<hr/> <hr/>	<hr/> <hr/>
Issued and fully paid:		
3,882,334,668 (2017: 3,882,334,668) ordinary shares of HK\$0.10 (2017: HK\$0.10) each	388,233	388,233
	<hr/> <hr/>	<hr/> <hr/>

On 28 April 2017, the Company completed the issue of one rights share for every two shares of the Company then held by qualifying shareholders at an issue price of HK\$2.00 per rights share (the "Rights Issue") and a total of 1,294,111,556 rights shares were issued for a total cash consideration, before expenses, of HK\$2,588,223,000.

As a result of the Rights Issue, the issued share capital of the Company increased from 2,588,223,112 shares to 3,882,334,668 shares of HK\$0.10 each. Details of the Rights Issue were disclosed in the Company's announcement dated 14 March 2017 and prospectus dated 3 April 2017.

13. COMPARATIVE AMOUNTS

Due to the adoption of the new and revised HKFRSs during the year, certain comparative amounts have been reclassified/re-presented to conform to the current year's presentation and disclosures.

RESULTS

The Group achieved a consolidated revenue of HK\$651.1 million, representing an increase of approximately 40.2% compared to HK\$464.6 million in 2017. The Group's net profit for the year was HK\$171.1 million (2017: HK\$291.9 million). The profit attributable to shareholders for the year was HK\$171.1 million (2017: HK\$291.9 million). The basic earnings per share for the year was HK4.41 cents (2017: HK8.42 cents).

FINAL DIVIDEND

The directors are pleased to recommend a final dividend of HK\$0.02 (2017: HK\$0.02) per ordinary share to shareholders who are registered on the Register of Members of the Company at the close of business on 28 May 2019. Subject to approval at the Company's forthcoming annual general meeting ("AGM"), dividend warrant will be sent to shareholders on or about 6 June 2019.

CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on Monday, 20 May 2019. A notice of the AGM will be published and dispatched to the shareholders in due course.

The Register of Members of the Company will be closed from Wednesday, 15 May 2019 to Monday, 20 May 2019, both days inclusive, for determining the eligibility of shareholders for attending and voting at the AGM. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates should be lodged for registration with Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m., Tuesday, 14 May 2019.

The Register of Members of the Company will also be closed from Friday, 24 May 2019 to Tuesday, 28 May 2019, both days inclusive, for determining the eligibility of shareholders for the proposed final dividend. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates should be lodged for registration with Tricor Secretaries Limited of above address no later than 4:30 p.m., Thursday, 23 May 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded a revenue of HK\$651.1 million in 2018, an increase of 40.2% when compared to HK\$464.6 million in 2017. The increase in revenue was due to the strategic deployment of Group's resources to build up an international investment property portfolio in the previous year, creating a stable recurrent rental income of HK\$490.1 million against HK\$342.9 million in 2017, representing an increase of 42.9%. The Group recorded a full year net profit of HK\$171.1 million (2017: HK\$291.9 million, after taking into account of the one-off gain of HK\$101.6 million resulting from the rental top up received from the vendors of The Leadenhall Building and HK\$84.7 million on disposal of a joint venture).

The treasury investment segment recorded a realized profit of HK\$72.8 million (2017: realized loss of HK\$4.2 million) and a fair value loss of HK\$119.7 million (2017: HK\$83.1 million) from its investment portfolio covering both equity shares and fund investments during the year.

Revenue and Operating Profit

Total revenue amounted to HK\$651.1 million (2017: HK\$464.6 million) which represents an increase of 40.2% compared with that of the previous year. This includes a total rental income of HK\$490.1 million (2017: HK\$342.9 million), accounting for 75.3% (2017: 73.8%) of the Group's total income.

The rental income increase was due to the recognition of a full year rental income from the core investment properties in London, One Kingdom Street and, The Leadenhall Building.

The profit attributable to shareholders was HK\$171.1 million (2017: HK\$291.9 million).

Investment Properties

As at 31 December 2018, the Group owned two commercial properties in London, the United Kingdom, namely The Leadenhall Building, and One Kingdom Street.

With regards to joint venture operation, just before the year end the Group's 34.55% owned joint venture completed the disposal of the office building at 72 Christie Street, St Leonards, Sydney, Australia at a pretax profit of approximately AUD45 million (AUD15.5 million attributable to the Group). Shortly thereafter, the Group re-invested the sales proceeds in the acquisition of an office building with a lettable area of approximately 110,000 square feet ("sqf") in the Melbourne CBD, Australia. The acquisition, at a cost of approximately AUD112 million, is due to be completed in the first half of 2019. In this project, the Group has an effective interest of 41.9%.

During the year 2018, the Group received a total rental income of HK\$490.1 million (2017: HK\$342.9 million) from its investment properties in London.

United Kingdom

The Leadenhall Building

The Leadenhall Building is an iconic award-winning building situated in the prime financial and insurance districts of London. The building was completed in 2014 and was acquired by the Group in May 2017. It is a trophy asset of the Group and will be held by the Group as an investment property for long term capital growth. It has 46 floors and carries approximately 610,000 sqf of office and retail spaces, which are fully multi-let with a weighted average unexpired lease term of approximately 11 years with over 8 years on a term-certain basis. The building's tenant base includes a number of renown international insurance companies alongside other financial institutions, technology, and professional service businesses. The current annual rental income of The Leadenhall Building is in the region of GBP40.2 million. As at year end 2018, all of the available office and retail space were leased. The rental yield is approximately 3.5% per annum.

The Leadenhall Building is honored to receive the 2018 RIBA London Awards and shortlisted to the National Awards. To maintain the building as an iconic international building, a proactive public relationship campaign was carried out to let more people experience in person the grand design of the building and its spacious and high-tech interior facilities. This included, in March 2018, a successful social media campaign via Instagram, as well as a Team BRIT charity event held at the building's public galleria. In November last year, the Group sponsored the 6th International Real Estate Finance and Investment Conference held within the building.

One Kingdom Street

Situated in the popular Paddington area of Central London, One Kingdom Street building offers approximately 265,000 sqf of high quality Grade A office accommodation and some parking spaces, with a current annual rental income of approximately GBP14.6 million, equivalent to an annual yield of 4.9%. The building is fully leased to several reputable major tenants.

The building sets around Sheldon Square, which comprises of dining, office and residential blocks, hotel, retail, and entertainment amenities. The Group appointed a reputable agent to undertake the 2018 rent reviews with the tenants, and achieved improved terms and higher rental incomes in all tenancy agreements.

The Group is committed to raising the building standard of its investment properties. For One Kingdom Street, the reception and atrium areas of the building were refurbished. The new look has been complemented with a range of measures including a modern bright space of high ceilings and high quality functional entrance environment. An artisan coffee operator was introduced at the reception, together with a new seating area at the base of the atrium for break out meetings and building events. On 13 August 2018, the Building Management Team officially launched the new reception and atrium areas to the wide approval of both tenants and visitors.

Australia

85 Spring Street, Melbourne

This commercial building is located at a prominent location in Melbourne with unobstructed parkland views, and surrounded by international retailers and restaurants. The building provides a lettable area of approximately 110,000 sqf across the ground floor and 15 upper office levels, with basement parking for 23 cars. The building has a site area of 13,358 sqf and benefits from dual street frontage, with direct access to the underground Parliament train station. The acquisition is expected to be completed in the first half of 2019 with an acquisition cost of approximately AUD112 million in which the Group has an 41.9% effective interest.

The building is currently vacant and a series of upgrading and refurbishment work will be undertaken to bring it to Grade A specification after completion. The rental yield after refurbishment is expected to be about 6% per annum.

Joint Ventures

As at 31 December 2018, for joint venture property projects, the Group has one in London, one in Hong Kong, and two in China. The Group rescinded the acquisition of the Leadenhall Triangle Project in London due to non-completion of conditions precedent by the vendor.

Nine Elms Square - London

The Group has a 50% interest in the Nine Elms Square Project.

Nine Elms Square is situated at the South Bank of the River Thames, with a panoramic view of Central London, and is located close to the new American Embassy. It occupies a ten-acre area, and comprises of twelve buildings including three tall towers, and will be a residential landmark on the South Bank.

This mostly residential project will be developed in three phases. Most of the units will enjoy a panoramic view of the River Thames. The ground breaking ceremony of the project was held in July 2018 and Phase I of the project is tentatively expected to be completed in late 2021. Pre-sales of Phase I is expected in the second half of 2019. When fully developed, the whole project will provide about 1,500 residential units with a total saleable area of approximately 1.7 million sqf.

The transport improvement package in the area will make Nine Elms Square on the South Bank an effective part of Central London. In the near future, two new Northern Line stations will create fast and direct links from the project to the West End, City and North London.

OCTA Tower – Hong Kong

The OCTA Tower is strategically located close to the junction of the MTR Kwun Tong line and Shatin to Central Link, as well as near to the Tate’s Cairn and Eastern Harbour Crossing, making it fully accessible and well connected to different districts of Hong Kong. With its unique location, the OCTA Tower commands a full harbour view stretching from the Lei Yue Mun Straits to the Victoria Harbour. It is a 28-storeyed Grade A commercial building, with a total marketable gross floor area (“GFA”) of approximately 795,000 sqf including retail spaces on the ground and first floor as well as 285 parking spaces. The building is almost fully leased. The rental yield is about 2% per annum. The nearby retail and commercial amenities offer tenant convenience in shopping, dining and entertainment. The cost of acquisition was HK\$7.5 billion in which the Group has a 25% ownership interest. The building will be refurbished for value appreciation.

The PRC Projects

During the year, the Group had achieved significant steps in identifying potential property projects in the PRC and had built up a portfolio of real estate development projects through investing in joint ventures:

- In May 2018, the Group entered into an agreement to acquire 42.86% interest in a PRC property development project, with a total investment cost of RMB270 million. The project is located in Zhuzhou City, Hunan Province. In close proximity to the highway entrance, hospital facilities and local amenities, the project with a site area of 4.8 million sqf is positioned for commercial and residential developments, providing a total GFA of about 9.5 million sqf. Construction of the first phase started in the first half of 2018 with pre-sales already started in the second half of 2018. The first phase of the project is expected to be completed by 2020.
- In May 2018, the Group through its 48.98% owned joint venture, invested in a PRC real estate company which has several ongoing development projects in the PRC at a consideration of RMB980 million with a guaranteed fixed rate of return on the investment. The joint venture stands in good stead to deliver sustainable income irrespective of any slowdown in the industry. The investment is accounted for as a loan receivable by the joint venture.
- In June 2018, the Group entered into an agreement to acquire 50% interest in the PRC property development project in Sichuan with a site area of about 1.5 million sqf and a total GFA of 4.5 million sqf. The investment cost is RMB215 million. The acquisition is expected to be completed in 2019.

Treasury Investment Business

The treasury investment segment recorded a loss of HK\$54.7 million (2017: HK\$43.5 million). The dividends and interests earned from investments and loans receivable amounted to HK\$135.2 million (2017: HK\$119.4 million). The realized profit and fair value loss from its investment portfolio amounted to HK\$72.8 million and HK\$119.7 million respectively (2017: realized loss HK\$4.2 million and fair value loss of HK\$83.1 million respectively).

CORPORATE STRATEGY AND OUTLOOK

The outlook in the United Kingdom continues to be influenced by the political and economic uncertainties surrounding Brexit. Economic growth, coupled with stable interest rates escalation in the year, is expected to be modest.

The Group believes that in times of market uncertainty, it is preferable to invest in projects with steady long-term income streams. The Group's investment properties which now represent a substantial portion of the Group's property portfolio will continue to deliver positive returns. The Group also believes that, in the long term, London will remain as a successful global metropolitan city with many opportunities. To de-risk uncertainties and market volatility, the Group is now diversifying into other global cities to build up its property portfolio. With its experience and resources, the Group is well positioned to take advantage of new opportunities to grow its business in a sustainable way. Its strong balance sheet and low gearing will allow the Group to cherry pick the right projects when suitable opportunities arise.

FINANCIAL REVIEW

Investments

The objectives of the Group's investment policy are to minimize risk while retaining liquidity, and to achieve a competitive rate of return.

The Group invested surplus cash in a diversified portfolio of listed equity securities, unlisted investment funds and debt instruments. As at 31 December 2018, the portfolio of investments comprised of listed equity securities, unlisted investment funds, and debt instruments with an aggregate carrying value of HK\$3,005.9 million (31 December 2017: HK\$2,998.3 million) which is listed in the table below:

	31 December 2018 HK\$' million	31 December 2017* HK\$' million
Financial assets at fair value through profit or loss		
Listed equity securities	192.0	310.9
Unlisted investment funds	1,446.0	1,729.2
	1,638.0	2,040.1
Financial assets at fair value through other comprehensive income		
Listed equity securities	931.6	756.4
Debt instrument	436.3	201.8
	1,367.9	958.2
Total	3,005.9	2,998.3

* Due to the adoption of HKFRS 9 as mentioned in note 2(b) to the financial information above, certain investments as at 31 December 2017 have been reclassified to conform to the current year's presentation for comparison purpose.

In 2018, the Group recognized from its portfolio of investments during the year an unrealized fair value loss of HK\$119.7 million (2017: an unrealized fair value loss of HK\$83.1 million) in the consolidated statement of profit or loss and an unrealized fair value gain of HK\$449.7 million (2017: unrealized fair value gain of HK\$634.6 million) in the consolidated statement of other comprehensive income. The realized profit on the portfolio of investments for the year was HK\$72.8 million (2017: realized loss HK\$4.2 million), whereas the amount of dividends and interest income from investments was HK\$83.7 million (2017: HK\$94.4 million). In terms of future prospects of the Group's investments, the performance of the listed equity securities and unlisted investment funds held is to a large extent subject to the performances of the relevant financial markets which are liable to change rapidly and unpredictably.

The Group will continuously adopt a prudent investment strategy and assess the performance of its portfolio of investments to make timely and appropriate adjustments to fine-tune its investments holding with a view to generating favorable returns for its shareholders.

Liquidity and Financial Resources

The Group has in place a GBP119.5 million secured revolving loan at year end which will allow the Group to manage better exchange risks for future investments in the UK.

The Group's gearing level, net of cash, represented 22.5% of total equity at 31 December 2018. The average interest rate on the Group's total borrowings and borrowings that were not for hedging purpose were 2.0% per annum and 2.4% per annum respectively. The Group continues to maintain a prudent attitude to gearing.

As at 31 December 2018, cash and bank balances and time deposit totalled HK\$6.2 billion as compared to HK\$10.0 billion as at 31 December 2017. About 64% of the Group's bank deposits and cash were denominated in Hong Kong dollars, 19% in USD, 9% in Renminbi, and 8% in GBP.

The Group continues to maintain a high level of liquidity. Total assets as at the end of December 2018 were HK\$28.4 billion, of which approximately 25% was current in nature. Net current assets were HK\$3.6 billion and accounted for approximately 21% of the net assets of the Group.

As at 31 December 2018, the owners' equity was HK\$17.1 billion (2017: HK\$16.8 billion) and the net assets value per share was HK\$4.41 (2017: HK\$4.34).

Contingent Liabilities/Financial Guarantees

At 31 December 2018, the Group had the following contingent liabilities/financial guarantees:

1. Guarantee given to the vendor in connection with the acquisition of a freehold land by a joint venture amounting to HK\$248.4 million (2017: HK\$262.8 million).
2. Guarantee given to a bank in connection with a facility granted to a joint venture up to HK\$1,088 million (2017: Nil) and was utilized to the extent of HK\$1,088 million (2017: Nil).
3. Guarantees given to a bank and an independent third party in connection with facilities granted to an associate up to HK\$1,500 million (2017: Nil) and was utilized to the extent of HK\$1,500 million (2017: Nil).

Financing Activities

No major financing activities had been arranged by the Group during the year.

In April 2017, the Group completed the Rights Issue for one rights share for every two shares of the Company then held at a price of HK\$2 per rights share, raising a net proceeds of about HK\$2.58 billion to replenish its general working capital which was subsequently used to fund the investments in The Leadenhall Building and the Nine Elms Square Project.

Pledge of Assets

As at 31 December 2018, investment properties, bank deposits and properties and equipments in the respective amount of HK\$14.4 billion, HK\$1.3 billion and HK\$79.8 million have been pledged as security for banking facilities granted to the Group.

Exchange Risks and Hedging

The Group manages its treasury activities within established risk management objectives and policies. The main objectives are to manage exchange, interest rates and liquidity risks and to provide a degree of certainty in respect of costs.

The Group hedges its foreign investments with bank borrowings and forward currency exchange contracts to offset against any unexpected and unfavorable currency movements, which may result in a loss on translation of the net foreign investment into Hong Kong dollars and such hedged sum amounted to approximately GBP335 million as at 31 December 2018.

EMPLOYEES

As at year end of 2018, the Group, including its subsidiaries but excluding its joint ventures and associates, employed a total of 99 employees in Hong Kong, China and United Kingdom for its principal business. Remuneration cost for the year (excluding directors' emoluments) amounted to approximately HK\$103 million.

The remuneration of the Group's policy is to ensure that pay levels of its employees are competitive to the market and employees were rewarded according to their merit, qualifications, performance and competence. Other benefits offered to employees include contributions of mandatory provident fund, medical and travel insurances and training subsidies.

Employees are also granted share options under the Company's share option scheme at the discretion of the Board. For 2018 and 2017, no equity-settled share option expense was charged off to the consolidated statement of profit or loss.

CORPORATE GOVERNANCE

During the year, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors. Specific enquiries have been made on all directors who have confirmed that they have complied with the required standard set out in the Model Code throughout the year.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in this announcement have been agreed by the Company's independent auditors, Ernst & Young ("EY"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by EY in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by EY on this announcement.

REVIEW OF ANNUAL RESULTS

The Audit Committee has discussed with the management and independent auditors the accounting policies and practices adopted by the Group, and has reviewed the Group's consolidated results for the year ended 31 December 2018.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company's website at www.ccland.com.hk and the HKEXnews website at www.hkexnews.hk. The Company's 2018 Annual Report will also be available on both websites and despatched to the shareholders of the Company in due course.

By order of the Board
Lam How Mun Peter
Deputy Chairman and Managing Director

Hong Kong, 22 March 2019

As at the date of this announcement, the Board comprises Mr. Cheung Chung Kiu, Dr. Lam How Mun Peter, Mr. Wong Chi Keung, Mr. Leung Chun Cheong and Mr. Leung Wai Fai as Executive Directors; and Mr. Lam Kin Fung Jeffrey, Mr. Leung Yu Ming Steven and Dr. Wong Lung Tak Patrick as Independent Non-executive Directors.