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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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board of directors (the "Board") of C C Land Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2019 together with comparative figures for the corresponding period in 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**Six months ended 30 June** **2019** **(Unaudited)** **HK$'000**	2018 (Unaudited) HK$'000
REVENUE			
Interest income	4	**44,663**	39,252
Revenue from other sources	4	**234,351**	266,119
Total revenue		**279,014**	305,371
Cost of sales		**(5,817)**	(1,128)
Gross profit		**273,197**	304,243
Other income and gains, net	4	**130,717**	90,591
Administrative expenses		**(157,904)**	(100,220)
Reversal of impairment losses on financial assets, net	5	**9,502**	-
Other expenses		**(70,444)**	(110,677)
Finance costs		**(113,626)**	(132,560)
Share of profits and losses of:			
Joint ventures		**52,307**	6,376
Associates		**(20,375)**	19,333
PROFIT BEFORE TAX	5	**103,374**	77,086
Income tax expense	6	**(18,833)**	(8,745)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		**84,541**	68,341
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted		**HK2.18 cents**	HK1.76 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
PROFIT FOR THE PERIOD	**84,541**	68,341
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Financial assets at fair value through other comprehensive income:		
Changes in fair value	**18,732**	(30,663)
Exchange differences:		
Release upon disposal of a subsidiary	**19,660**	-
Translation of foreign operations	**(38,821)**	(177,066)
Hedges of net investments in foreign operations		
- effective portion of changes in fair value of hedging instruments during the period	**(63,516)**	88,997
	(82,677)	(88,069)
Share of other comprehensive loss of joint ventures	**(4,781)**	(7,291)
Share of other comprehensive income/(loss) of associates	**246**	(408)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(68,480)**	(126,431)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Financial assets at fair value through other comprehensive income:		
Changes in fair value	**(158,502)**	227,123
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**(158,502)**	227,123
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**(226,982)**	100,692
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	**(142,441)**	169,033

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000
NON-CURRENT ASSETS			
Property and equipment	9	**305,363**	105,681
Investment properties		**14,343,808**	14,394,511
Golf club membership		**10,540**	10,540
Investments in joint ventures		**2,673,824**	2,736,999
Investments in associates		**565,425**	914,929
Financial assets at fair value through other comprehensive income		**1,148,270**	1,291,140
Financial assets at fair value through profit or loss		**1,339,485**	1,445,963
Prepayments, deposits and other receivables		**260,921**	280,808
Derivative financial instruments		**8,138**	72,394
Deferred tax assets		**3,327**	4,938
Total non-current assets		**20,659,101**	21,257,903
CURRENT ASSETS			
Trade receivables	10	**5,045**	5,679
Loans and interest receivables	11	**463,749**	570,677
Prepayments, deposits and other receivables		**383,545**	92,523
Financial assets at fair value through other comprehensive income		**79,922**	76,822
Financial assets at fair value through profit or loss		**266,165**	191,995
Derivative financial instruments		**-**	56,540
Prepaid income tax		**2,030**	3,565
Deposits with brokerage companies		**6,479**	11,238
Pledged deposits		**594,090**	1,327,500
Restricted bank balances		**78,679**	142,907
Cash and cash equivalents		**6,774,150**	4,701,508
Total current assets		**8,653,854**	7,180,954
CURRENT LIABILITIES			
Other payables and accruals		**320,672**	514,500
Interest-bearing bank borrowings		**1,663,267**	2,288,458
Tax payable		**782,166**	764,300
Total current liabilities		**2,766,105**	3,567,258
NET CURRENT ASSETS		**5,887,749**	3,613,696
TOTAL ASSETS LESS CURRENT LIABILITIES		**26,546,850**	24,871,599
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**7,676,199**	7,728,486
Notes payable		**1,919,805**	-
Other payables		**30,133**	-
Deferred tax liabilities		**17,311**	19,623
Total non-current liabilities		**9,643,448**	7,748,109
Net assets		**16,903,402**	17,123,490
EQUITY			
Issued capital	12	**388,233**	388,233
Reserves		**16,515,169**	16,735,257
Total equity		**16,903,402**	17,123,490

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.

The unaudited interim condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those adopted in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong, except for the adoption of the new and revised HKFRSs as disclosed in note 2 below.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period's unaudited interim condensed consolidated financial statements:

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 *Leases*, Amendments to HKAS 28 *Long-term Interests in Associates and Joint Ventures* and HK(IFRIC)-Int 23 *Uncertainty over Income Tax Treatments*, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases - Incentives* and HK(SIC)-Int *27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the adjustments arising from the initial adoption recognised the opening balances of the statement of financial position as at 1 January 2019. The comparative information for 2018 was not restated and continues to be reported under HKAS 17.

<u>New definition of a lease</u>

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components as a single lease component.

<u>As a lessee – Leases previously classified as operating leases</u>
Nature of the effect of adoption of HKFRS 16
The Group has lease contracts for various items of property. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition
Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in other payables and accruals.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets as part of the elements of property and equipment in the statement of financial position. The right-of-use assets also include the leasehold land recognised previously under finance leases of HK$86,042,000 that were reclassified from land and buildings.

The Group has applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application when applying HKFRS 16 at 1 January 2019.

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	Increase/(decrease) HK$'000 (Unaudited)
Assets	
Increase in property and equipment	57,246
Decrease in prepayment, deposits and other receivables	(2,870)
Increase in total assets	54,376
Liabilities	
Increase in other payables and accruals	54,376

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	HK$'000 (Unaudited)
Operating lease commitments as at 31 December 2018	62,790
Weighted average incremental borrowing rate as at 1 January 2019	4.02%
Discounted operating lease commitments as at 1 January 2019	55,541
Less: Commitments relating to short-term leases and those leases with remaining lease terms ending on or before 31 December 2019	(1,165)
Lease liabilities as at 1 January 2019	54,376

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

(b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The amendments did not have any significant impact on the Group's interim condensed consolidated financial information.

(c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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 receivables, 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 before tax except that finance costs as well as head office and corporate expenses are excluded from such measurement.

Information regarding these reportable segments is presented below.

<u>Reportable segment information</u>

For the six months ended 30 June 2019 – unaudited

	Property development and investment HK$'000	**Treasury investment HK$'000**	**Total HK$'000**
Segment revenue			
Revenue from external customers	**239,864**	**39,150**	**279,014**
Segment results	**193,263**	**66,572**	**259,835**
Corporate and unallocated expenses			**(42,835)**
Finance costs			**(113,626)**
Profit before tax			**103,374**

For the six months ended 30 June 2018 – unaudited

	Property development and investment HK$'000	Treasury investment HK$'000	Total HK$'000
Segment revenue			
Revenue from external customers	251,283	54,088	305,371
Segment results	304,288	(67,045)	237,243
Corporate and unallocated expenses			(27,597)
Finance costs			(132,560)
Profit before tax			77,086

4. REVENUE, OTHER INCOME AND GAINS, NET

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

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Revenue		
Interest income		
Interest income from debt investments	**23,711**	8,614
Interest income from loans receivable	**20,952**	30,638
	44,663	39,252
Revenue from other sources		
Gross rental income	**239,864**	251,283
Losses on disposal of financial assets at fair value through profit or loss, net	**(6,039)**	(618)
Dividend income from listed equity investments	**526**	6,859
Dividend income from unlisted fund investments	**-**	8,595
	234,351	266,119
	279,014	305,371
Other income and gains, net		
Bank interest income	**25,505**	18,566
Fair value gains on derivative financial instruments	**-**	43,423
Fair value gain on an investment property	**34,242**	27,717
Fair value gains on financial assets at fair value through profit of loss, net	**42,006**	-
Gain on disposal of financial assets at fair value through profit or loss	**615**	-
Gains on disposal of a subsidiary	**28,041**	-
Others	**308**	885
	130,717	90,591

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Depreciation	**21,882**	1,744
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	**(42,006)**	98,764
Fair value losses/(gains) on derivative financial instruments	**65,022**	(43,423)
Loss on disposal of items of property and equipment	**134**	39
Foreign exchange differences, net	**5,288**	10,865
Reversal of impairment of loans and interest receivables, net	**(9,502)**	-

Employee benefit expense (including directors' remuneration):		
Wages and salaries	**63,783**	57,653
Pension scheme contributions	**2,740**	2,693
	66,523	60,346

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the periods ended 30 June 2019 and 30 June 2018. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

UK tax reform enacted on 17 February 2019 and effective from 5 April 2019 extended the scope of UK's taxation of gains accruing to non-UK residents to include gains on disposals of interests in non-residential UK properties. Properties will be rebased to market value at 5 April 2019 and any gain arising from sales of property between 6 April 2019 and 31 March 2020 would be subject to corporation tax rate at 19% and from 1 April 2020 onwards would be subject to a corporation tax rate of 17%. Accordingly, deferred tax would be recognised on fair value gain from revaluation of investment properties in the UK after 5 April 2019 at a tax rate of 17%. Fair value of the investment properties in the UK did not change materially between 5 April 2019 and 30 June 2019 and therefore no deferred tax regarding this was recognised for the six months ended 30 June 2019.

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current charge for the period		
Hong Kong	**4,563**	3,057
Mainland China	**8,342**	709
United Kingdom	**6,394**	4,957
Underprovision in prior periods		
Mainland China	**296**	22
Deferred tax	**(762)**	-
Total tax charge for the period	**18,833**	8,745

7. DIVIDENDS

During the six months ended 30 June 2019, the Company declared a final dividend of HK$0.02 per ordinary share amounting to HK$77,647,000 for the year ended 31 December 2018 which was paid on 6 June 2019.

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

During the six months ended 30 June 2018, the Company declared a final dividend of HK$0.02 per ordinary share amounting to HK$77,647,000 for the year ended 31 December 2017 which was paid on 8 June 2018.

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

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

No adjustment has been made to the basic earnings per share presented for the six months ended 30 June 2019 and 2018 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:

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**84,541**	68,341

	Number of shares	
	Six months ended 30 June	
	2019	2018
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	**3,882,334,668**	3,882,334,668

9. ADDITIONS TO PROPERTY AND EQUIPMENT

During the six months ended 30 June 2019, the Group incurred HK$164,822,000 (six months ended 30 June 2018: HK$979,000) on the additions of items of property and equipment, including amount of HK$145,446,000 (six months ended 30 June 2018: Nil) acquired through acquisition of subsidiaries that are not a business.

10. TRADE RECEIVABLES

	30 June 2019	31 December 2018
	(Unaudited)	(Audited)
	HK$'000	HK$'000
Trade receivables	**5,045**	5,679

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:

	30 June 2019	31 December 2018
	(Unaudited)	(Audited)
	HK$'000	HK$'000
Within 1 month	**2,299**	1,225
1 to 2 months	**2,613**	4,454
2 to 3 months	**133**	-
	5,045	5,679

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 expected credit loss of these rental receivables is minimal.

11. LOANS AND INTEREST RECEIVABLES

	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000
Loans receivable		
Secured	**40,000**	40,000
Unsecured	**432,860**	540,000
	472,860	580,000
Less: Impairment allowance	**(20,164)**	(29,666)
	452,696	550,334
Interest receivable	**11,053**	20,343
	463,749	570,677

The Group's loans receivable are stated at amortised cost and bear fixed interest rates. The credit terms of these loans receivable range from 1 month to 12 months.

As at 30 June 2019, the Group's loans receivable amounted to HK$40,000,000 (31 December 2018: HK$40,000,000) and HK$300,000,000 (31 December 2018: HK$350,000,000) were secured by certain antiques and guaranteed by a shareholder of the borrower, respectively. The market values of the collaterals held by the Group are not readily determinable or cannot 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:

	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000
At the beginning of the period/year	**29,666**	5,748
Impairment losses, net		
Loans repaid/derecognised	**(2,053)**	(2,064)
Change in risk parameters	**(7,449)**	-
New loans granted	**-**	25,982
	(9,502)	23,918
At the end of the period/year	**20,164**	29,666

As at 30 June 2019, none of the loans and interest receivables were overdue (31 December 2018: Nil). 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 30 June 2019, the probability of default applied ranged from 6.97% to 14.02% (31 December 2018: 2.48% to 27.32%) and the loss given default was estimated to be approximately 52% (31 December 2018: 52%).

12. SHARE CAPITAL

	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000
Authorised:		
20,000,000,000 (31 December 2018: 5,000,000,000) ordinary shares of HK$0.10 (31 December 2018: HK$0.10) each	**2,000,000**	500,000
Issued and fully paid:		
3,882,334,668 (31 December 2018: 3,882,334,668) ordinary shares of HK$0.10 (31 December 2018: HK$0.10) each	**388,233**	388,233

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group continues to expand its property investment and development business mainly in the United Kingdom and Australia. Global interest rate cuts and Brexit have led to uncertainties in the economy and property market in the United Kingdom. The Group counteracts by always taking a prudent approach to leverage on its strong investment property portfolio to ensure a steady and strong rental income.

By end June 2019, the Group held a portfolio of 3 commercial properties, totalling 985,000 square feet ("sqf") of office, retail and car parking spaces located in two countries namely, the United Kingdom and Australia. In terms of area, the United Kingdom assets accounted for 89% of the portfolio while 11% of the portfolio was owned by the Group through a joint venture in Melbourne.

The UK portfolio continues to show consistent performance, being fully let at all times throughout the period. Rent reviews for One Kingdom Street and The Leadenhall Building were conducted during late 2018 and the first half of 2019 respectively. The weighted average increase in rental rates of One Kingdom Street achieved on renewals that commenced during the period was 4.3%. The property managers continue to focus on building a harmonious relationship with the tenants, working to ensure to fully utilize the buildings' spaces, and meeting the tenants' business and overall needs.

In April 2019, the Group's joint venture completed the acquisition of a freehold B-grade office building with 110,000 sqf within the Melbourne CBD, Australia, at a consideration of AUD112 million. The Group holds an effective interest of 41.9% in the building which is currently vacant for carrying out renovation and refurbishment work to upgrade it to a high quality A-grade office building.

Nine Elms Square, a three-phased development in the South Bank of the River Thames is situated on a ten-acre parcel of land adjacent to the new American Embassy. The first phase of this project includes three luxurious residential buildings totalling approximately 680,000 sqf of saleable area. Construction, which is proceeding normally, commenced in late 2018 and is expected to be completed by second half of 2021.

In June 2019, the Group completed a successful first time issue of 3-year guaranteed notes due 2022 which are listed on the Stock Exchange and raised a total of US$250 million with a coupon rate of 6.35% per annum.

In June 2019, the Group completed the disposal of its 42.86% effective interest in the Hunan Zhuzhou City Project for a consideration of approximately HK$331 million. The total profit generated from this project amounted to HK$55 million, HK$21 million of which was recorded in the period under review.

The Group had a strong cash position of HK$7.4 billion as at 30 June 2019. The Group's gearing ratio at 30 June 2019 stood at 22.6% (31 December 2018: 22.5%).

The rental income for the first half of the year decreased to HK$239.9 million from HK$251.3 million in the first half of 2018. The decrease resulted from the depreciation of approximately 6% of the average exchange rate of the GBP against HK$ compared with the first half of 2018, but was partially offset by the lease renewals and rent reviews during the period. Treasury investments contributed a revenue of HK$39.1 million and, together with the rental income, generated a combined revenue of HK$279.0 million, which decreased by HK$26.4 million or 8.6% against the first half of 2018. The net profit was HK$84.5 million, representing an increase of 24% compared to HK$68.3 million for the same period in 2018.

The treasury investment segment recorded a net fair value loss of HK$97.8 million, as the sum result of a gain of HK$42.0 million accounted for in the consolidated statement of profit or loss, and a loss of HK$139.8 million as recorded in the consolidated statement of comprehensive income (six months ended 30 June 2018: fair value loss of HK$98.8 million in the consolidated statement of profit or loss and fair value gain of HK$196.5 million in the consolidated statement of comprehensive income respectively). The realized loss for the period was HK$5.4 million (six months ended 30 June 2018: HK$1.6 million).

The profit attributable to shareholders for the period amounted to HK$84.5 million (six months ended 30 June 2018: HK$68.3 million). The basic earnings per share for the period were HK2.18 cents (six months ended 30 June 2018: HK1.76 cents).

Revenue and Operating Profit

In the first half of the year, the Group achieved a total revenue of HK$279.0 million (six months ended 30 June 2018: HK$305.4 million) which represents a decrease of 8.6% compared with the same period last year.

The profit attributable to shareholders was HK$84.5 million (six months ended 30 June 2018: HK$68.3 million).

Investment Properties

As at 30 June 2019, the Group owns two commercial properties in the United Kingdom and one office building in Australia through its subsidiaries and a joint venture respectively for rental income.

United Kingdom

The Group's two office buildings, namely The Leadenhall Building and One Kingdom Street are located in the prime financial and insurance districts of London, the United Kingdom. These two buildings remain the Group's core income producing real estate and continue to generate a strong rental income. Both buildings are fully owned by the Group with a total of approximately 875,000 sqf of office, retail and car parking spaces. The two buildings are 100% leased as at 30 June 2019.

During the six months ended 30 June 2019, the Group received a rental income of HK$239.9 million or GBP23.6 million (six months ended 30 June 2018: HK$251.3 million or GBP23.4 million) from its investment properties in the United Kingdom.

The Leadenhall Building

The Leadenhall Building is one of the iconic buildings in Central London. The building's unique design has created a number of custom designed spaces to match the different needs of its tenants. Over the years, it has provided a modern and comfortable workplace with famous food and beverage outlets within and in its vicinity. Judging from its full occupancy, the building is a much sought after destination for different businesses. This 46-storeyed office building is a crown jewel asset of the Group and will be held by the Group as an investment property for long term capital growth. It has approximately 610,000 sqf of office and retail space, and is 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. The rental yield is approximately 3.5% per annum. The rental income for the six months ended 30 June 2019 was GBP16.0 million (six months ended 30 June 2018: GBP16.2 million).

To increase and maintain the status of the building as an iconic international building, the Group has organized events branded "Leadenhall Live" for 2019. The campaign aims to allow more people to experience in person the unique design of the building and its high tech but user friendly interior facilities. A new modern restaurant was also introduced to provide an unforgettable dining experience. A new website of The Leadenhall Building was launched in April 2019 to enhance user experience and more interaction with the tenants.

One Kingdom Street

The building is in Sheldon Square, which comprises of office and residential blocks, a hotel, retail, dining, and entertainment amenities. One Kingdom Street offers approximately 265,000 sqf of high quality Grade A office accommodation and some parking spaces. With elegant glazed exteriors, a warm welcoming functional entrance hall, and natural light, the building has created a productive and enjoyable working environment. The building captures an annual rental income of approximately GBP15.0 million, equivalent to an annual yield of 5.0%. It is fully let throughout the year to reputable major tenants. The rental income for the six months ended 30 June 2019 was GBP7.6 million (six months ended 30 June 2018: GBP7.2 million).

Tenant-mix enhancement initiatives were implemented to meet the various customer demands. Promotional events were introduced during the period to enhance cultural contact with the community, including a Valentine's Day flower arranging exhibition, as well as educational events.

Australia

85 Spring Street, Melbourne

The building is located on a prime site in the Melbourne CBD overlooking the parliamentary area and near a public park, surrounded by international retailers, restaurants, and magnificent historical buildings. The property has a site area of 13,358 sqf and provides a lettable area of approximately 110,000 sqf across the ground and 15 upper office levels, with basement parking for 23 cars. The building benefits from dual street frontage, and direct access to the Parliament train station. The acquisition cost amounted to AUD112 million in which the Group has an 41.9% effective interest. The building is currently vacant for carrying out renovation and refurbishment work to upgrade it to a Grade A office building. The renovation is expected to be completed in year 2020.

Joint Ventures

As at 30 June 2019, the Group had one joint venture property development project in each of London and Hong Kong.

The Group's net investment in joint venture projects was HK$3,239 million, a decrease from HK$3,652 million at 31 December 2018, largely due to the disposal of the 42.86% effective interest in a PRC property development project located in Zhuzhou City, Hunan Province. The Group realized a cash profit of HK$55 million from the disposal of the Zhuzhou Project.

The loan investment in a PRC real estate company with a guaranteed fixed rate of return by the Group's 48.98% owned joint venture continues to perform well. This joint venture stands in good stead to deliver sustainable income irrespective of any slowdown in the industry. The acquisition of 50% interest in the PRC property development project in Sichuan with a site area of about 1.5 million sqf and a total gross floor area ("GFA") of 4.5 million sqf is progressing and expected to be completed in second half of 2019.

Nine Elms Square - London

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

Nine Elms Square is located at the southern bank of the River Thames in Central London, and the high floors from the proposed towers will command panoramic views across the entire London city, a rare sight indeed in Central London. With the Linear Park next to the project, residents have all the convenience of a central urban location, coupled with the benefit and lifestyle of a recreational park.

Nine Elms Square occupies a ten-acre site, comprising of twelve buildings including three tall towers, and will be a landmark residential place on the South Bank. This project will be developed in three phases. Most of the units will enjoy a panoramic view of the River Thames. Phase I of the project is tentatively expected to be completed in the second half of 2021. When fully developed, the whole project will provide about 1,500 residential units with a total saleable area of approximately 1.7 million sqf.

Nine Elms Square is in one of the best connected locations in London, with fast and easy access to all major points within the city. The planned transport improvement package will make this area even more convenient to reside in years to come.

Harbourside HQ (previously called OCTA Tower) – Hong Kong

The Kowloon East area, including Kowloon Bay where the Harbourside HQ is located, will see significant expansion of office floor area in the medium term. Due to low vacancy rate in the central business districts, office investment and leasing activity will likely shift to emerging sub-areas, such as Kowloon East, taking advantage of the presence of banks and insurance companies, as well as infrastructure developments in the region.

The Harbourside HQ is strategically located close to the junction of MTR Kwun Tong line and Shatin to Central Link, as well as near to the Tate's Cairn and Eastern Harbour Crossing, making it easily accessible and well connected to different districts of Hong Kong. In its unique location, Harbourside HQ commands a thorough harbour view panning from the Lei Yue Mun straits to Victoria Harbour. It is a 28-storeyed Grade A office building, with a total marketable GFA of approximately 795,000 sqf including retail spaces on the ground and first floor, and 285 parking spaces. The cost of acquisition was HK$7.5 billion in which the Group has a 25% ownership interest. The rental yield is about 2% per annum.

Refurbishment and upgrading to the entrance hall and common areas, as well as improvement of the external curtain walls are under way to re-position and re-brand the property to attract an upscale tenant profile.

Treasury Investment Business

The treasury investment segment recorded a gain of HK$61.5 million (six months ended 30 June 2018: a loss of HK$70.8 million). The dividends and interests earned from investments and loans receivable amounted to HK$45.2 million (six months ended 30 June 2018: HK$54.7 million). The realized loss and fair value gain from its investment portfolio amounted to HK$5.4 million and HK$42.0 million respectively (six months ended 30 June 2018: realized loss of HK$1.6 million and fair value loss of HK$98.8 million respectively).

CORPORATE STRATEGY AND OUTLOOK

London, where the lion share of the Group's property projects are located, has undergone changes throughout the past few years, primarily related to Brexit. The current political and economic uncertainties have impacted market sentiments. However, London's position is unique in that it has a transparent and trusted legal system, international connectivity, a universally accepted language, and open attitude to overseas businesses. The Group is confident that London will retain its position as a top global financial centre. With its financial strength and experience, the Group is confident of its ability to outstay and overcome any market uncertainty. On the other hand, the current situation will make available more opportunities for the Group should major corrections occur.

In Melbourne, the commercial property market is going strong, with a very low vacancy rate. The Group is repeating its successful investment strategy in Sydney through a joint venture in acquiring the Spring Street property. It is confident that after well designed upgrading and refurbishment works, the building will turn out to be a popular Grade-A office building with a favourable tenant mix, thus creating a much higher capital value. The renovation works are due to complete in 2020. Meanwhile the Group is on the lookout for more investment opportunities in the Australian market.

The Group will continue to diversify its asset base and will maintain a disciplined approach while achieving its goal to expand its portfolio.

FINANCIAL REVIEW

Investments

The Group invested surplus cash in a diversified portfolio of listed equity securities, unlisted investment funds and debt investments. As at 30 June 2019, the portfolio of investments has an aggregate carrying value of HK$2,833.8 million (31 December 2018: HK$3,005.9 million) which is listed in the table below:

	30 June 2019	31 December 2018
	HK$' million	HK$' million
Financial assets at fair value through profit or loss		
Listed equity securities	**220.9**	192.0
Unlisted investment funds	**1,339.5**	1,446.0
Debt instruments	**45.3**	-
	1,605.7	1,638.0
Financial assets at fair value through other comprehensive income		
Listed equity securities	**773.0**	931.6
Debt instruments	**455.1**	436.3
	1,228.1	1,367.9
Total	**2,833.8**	**3,005.9**

In terms of performance, the Group recognized from its portfolio of investments during the period an unrealized fair value gain of HK$42.0 million (six months ended 30 June 2018: unrealized fair value loss of HK$98.8 million) in the consolidated statement of profit or loss, and unrealized fair value loss of HK$139.8 million (six months ended 30 June 2018: unrealized fair value gain of HK$196.5 million) in the consolidated statement of other comprehensive income. The realized losses on the portfolio of investments for the period was HK$5.4 million (six months ended 30 June 2018: HK$1.6 million), whereas the amount of dividends and interest income from investments for the period was HK$24.2 million (six months ended 30 June 2018: HK$24.1 million). In terms of future prospects of the Group's investments, the performance of the listed equity securities, 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 ended the period with net borrowings of HK$3.8 billion (31 December 2018: HK$3.8 billion) which consists of cash and bank balances and time deposits of HK$7.4 billion and HK$11.2 billion total borrowings drawn under the Group's banking facilities and the issue of notes. The gearing level, net of cash represented 22.6% of the total equity at 30 June 2019 (31 December 2018: 22.5%).

As at 30 June 2019, cash and bank balances and time deposit totalled HK$7.4 billion as compared to HK$6.2 billion as at 31 December 2018. About 25% of the Group's bank deposits and cash were denominated in HKD, 41% in USD, 11% in RMB, and 23% in GBP.

The Group continues to maintain a high level of liquidity. Total assets as at the end of June 2019 were HK$29.3 billion, of which approximately 30% were current in nature. Net current assets were HK$5.9 billion and accounted for approximately 35% of the net assets of the Group.

Net assets decreased over the course of the period by HK$0.2 billion, or 1% to HK$16.9 billion (31 December 2018: HK$17.1 billion). The net assets value per share as at 30 June 2019 was HK$4.35 (31 December 2018: HK$4.41).

Contingent Liabilities/Financial Guarantees

At 30 June 2019, 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 amounted to HK$198 million (31 December 2018: HK$248 million).

2. Guarantee given to a bank in connection with a facility granted to a joint venture up to HK$1,084 million (31 December 2018: HK$1,088 million) and was utilized to the extent of HK$1,084 million (31 December 2018: HK$1,088 million).

3. Guarantees given to a bank and an independent third party in connection with facilities granted to associates up to HK$1,490 million (31 December 2018: HK$1,500 million) and were utilized to the extent of HK$1,490 million (31 December 2018: HK$1,500 million).

Financing Activity

In June 2019, the Group completed a successful first time issue of 3-year guaranteed notes due 2022 which are listed on the Stock Exchange and raised a total of US$250 million as general working capital with a coupon rate of 6.35% per annum. The proceed has not been used as at 30 June 2019.

Pledge of Assets

As at 30 June 2019, investment properties, bank deposits, and properties and equipments in the respective amount of HK$14.3 billion, HK$0.6 billion and HK$78 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/or 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. As at 30 June 2019, no forward currency exchange contract has been executed by the Group.

EMPLOYEES

As at 30 June 2019, the Group, including its subsidiaries but excluding its joint ventures and associates, employed a total of 128 employees in Hong Kong, China and the United Kingdom for its principal business. Remuneration cost for the period (excluding directors' emoluments) amounted to approximately HK$48 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 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 the six months ended 30 June 2019, no equity-settled share option expense was charged off to the consolidated statement of profit or loss.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2019.

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 six months ended 30 June 2019.

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 six months ended 30 June 2019.

REVIEW OF INTERIM 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 unaudited interim condensed consolidated financial statements for the six months ended 30 June 2019.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM 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 2019 Interim 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, 23 August 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.