# 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 2023

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 2023 together with comparative figures for the corresponding period in 2022 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | | **Six months ended 30 June** | |
|---|---|---|---|
| | | **2023** | 2022 |
| | | **(Unaudited)** | (Unaudited) |
| | Notes | **HK$'000** | HK$'000 |
| REVENUE | | | |
| Interest income | 4 | **-** | 2,060 |
| Revenue from other sources | 4 | **239,682** | 262,579 |
| Total revenue | | **239,682** | 264,639 |
| Cost of services provided | | **(10,863)** | (10,224) |
| Gross profit | | **228,819** | 254,415 |
| Other income and gains, net | 4 | **31,870** | 118,894 |
| Administrative expenses | | **(144,290)** | (140,881) |
| Impairment losses on financial assets, net | 5 | **(12,807)** | (33,515) |
| Other expenses | 5 | **(1,439,648)** | (147,891) |
| Finance costs | | **(303,899)** | (192,831) |
| Share of profits and losses of: | | | |
| Joint ventures | | **325,804** | 388,599 |
| Associates | | **(6,306)** | 9,234 |
| **PROFIT/(LOSS) BEFORE TAX** | 5 | **(1,320,457)** | 256,024 |
| Income tax expense | 6 | **(29,372)** | (15,089) |
| **PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT** | | **(1,349,829)** | 240,935 |
| **EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT** | 8 | | |
| Basic and diluted | | **HK(34.77) cents** | HK6.21 cents |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Six months ended 30 June | |
|---|---|---|
| | **2023** | 2022 |
| | **(Unaudited)** | (Unaudited) |
| | **HK$'000** | HK$'000 |
| **PROFIT/(LOSS) FOR THE PERIOD** | **(1,349,829)** | 240,935 |
| **OTHER COMPREHENSIVE INCOME/(LOSS)** | | |
| *Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:* | | |
| Cash flow hedge: | | |
| Effective portion of changes in fair value of hedging instruments arising during the period | **184,775** | 35,580 |
| Exchange differences on translation of foreign operations | **648,474** | (1,435,921) |
| Share of other comprehensive loss of joint ventures | **(3,496)** | (11,043) |
| Share of other comprehensive income/(loss) of associates | **(6,155)** | 12,417 |
| Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods | **823,598** | (1,398,967) |
| **OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD** | **823,598** | (1,398,967) |
| **TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT** | **(526,231)** | (1,158,032) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | 30 June 2023 (Unaudited) HK$'000 | 31 December 2022 (Audited) HK$'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property and equipment | 9 | **145,813** | 170,521 |
| Investment properties | | **11,416,439** | 12,149,321 |
| Golf club membership | | **10,540** | 10,540 |
| Investments in joint ventures | | **8,762,783** | 8,601,789 |
| Investments in associates | | **1,755,567** | 1,746,271 |
| Prepayments, deposits and other receivables | | **4,617** | 4,559 |
| Derivative financial instruments | | **310,825** | 131,452 |
| Total non-current assets | | **22,406,584** | 22,814,453 |
| **CURRENT ASSETS** | | | |
| Trade receivables | 10 | **2,780** | 9,120 |
| Prepayments, deposits and other receivables | | **223,035** | 260,852 |
| Financial assets at fair value through profit or loss | | **1,155,783** | 1,199,420 |
| Prepaid income tax | | **1,351** | 3,417 |
| Pledged deposits | | **24,980** | 23,507 |
| Restricted bank balances | | **107,300** | 140,857 |
| Cash and cash equivalents | | **2,007,962** | 1,745,403 |
| Total current assets | | **3,523,191** | 3,382,576 |
| **CURRENT LIABILITIES** | | | |
| Other payables and accruals | | **430,610** | 466,694 |
| Interest-bearing bank and other borrowings | | **532,209** | 188,017 |
| Tax payable | | **78,466** | 90,497 |
| Total current liabilities | | **1,041,285** | 745,208 |
| **NET CURRENT ASSETS** | | **2,481,906** | 2,637,368 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **24,888,490** | 25,451,821 |
| **NON-CURRENT LIABILITIES** | | | |
| Interest-bearing bank borrowings | | **8,263,264** | 8,218,875 |
| Notes payable | | **2,315,197** | 2,313,014 |
| Other payables | | **22,383** | 28,408 |
| Total non-current liabilities | | **10,600,844** | 10,560,297 |
| Net assets | | **14,287,646** | 14,891,524 |
| **EQUITY** | | | |
| Issued capital | 11 | **388,233** | 388,233 |
| Reserves | | **13,899,413** | 14,503,291 |
| Total equity | | **14,287,646** | 14,891,524 |

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 information of the Group for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (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 information does 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 2022.

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those adopted in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, 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 information:

| | |
|---|---|
| HKFRS 17 | *Insurance Contracts* |
| Amendments to HKFRS 17 | *Insurance Contracts* |
| Amendment to HKFRS 17 | *Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information* |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | *Disclosure of Accounting Policies* |
| Amendments to HKAS 8 | *Definition of Accounting Estimates* |
| Amendments to HKAS 12 | *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* |
| Amendments to HKAS 12 | *International Tax Reform – Pillar Two Model Rules* |

The nature and impact of the new and revised HKFRSs are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial stateanments that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have any impact on the financial position or performance of the Group.

(d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

## 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 resource 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 as well as head office and corporate expenses are excluded from such measurement.

Information regarding these reportable segments is presented below.

**Reportable segment information**

**For the six months ended 30 June 2023 – unaudited**

| | **Property development and investment** | **Treasury investment** | **Total** |
|---|---|---|---|
| | **HK$'000** | **HK$'000** | **HK$'000** |
| **Segment revenue** | | | |
| Revenue from external customers | **239,013** | **669** | **239,682** |
| **Segment results** | **(920,009)** | **(62,745)** | **(982,754)** |
| Corporate and unallocated expenses | | | **(33,804)** |
| Finance costs | | | **(303,899)** |
| Loss before tax | | | **(1,320,457)** |

For the six months ended 30 June 2022 – unaudited

| | Property development and investment | Treasury investment | Total |
|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 |
| **Segment revenue** | | | |
| Revenue from external customers | 261,849 | 2,790 | 264,639 |
| **Segment results** | 615,538 | (137,573) | 477,965 |
| Corporate and unallocated expenses | | | (29,110) |
| Finance costs | | | (192,831) |
| Profit before tax | | | 256,024 |

## 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 | |
|---|---|---|
| | **2023** | 2022 |
| | **(Unaudited)** | (Unaudited) |
| | **HK$'000** | HK$'000 |
| Revenue | | |
| *Interest income* | | |
| Interest income from loans receivable | **-** | 2,060 |
| | **-** | 2,060 |
| *Revenue from other sources* | | |
| Gross rental income from investment property operating leases: | | |
| Variable lease payments that do not depend on an index or a rate | **860** | 2,649 |
| Other lease payments, including fixed payments | **238,153** | 259,200 |
| | **239,013** | 261,849 |
| Dividend income from listed equity investments | **669** | 730 |
| | **239,682** | 262,579 |
| | **239,682** | 264,639 |
| Other income and gains, net | | |
| Bank interest income | **29,263** | 2,240 |
| Interest income from an amount due from a joint venture | **2,495** | - |
| Interest income from amounts due from associates | **-** | 78,677 |
| Fair value gains on derivative financial instruments, net – transactions not qualifying as hedges | **-** | 37,019 |
| Others | **112** | 958 |
| | **31,870** | 118,894 |

## 5. PROFIT/(LOSS) BEFORE TAX

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

| | Six months ended 30 June | |
|---|---|---|
| | **2023** | 2022 |
| | **(Unaudited)** | (Unaudited) |
| | **HK$'000** | HK$'000 |
| Depreciation of owned assets | **17,955** | 19,884 |
| Depreciation of right-of-use assets | **7,023** | 8,054 |
| | **24,978** | 27,938 |
| Fair value losses on investment properties, net | **1,381,483*** | 2,144* |
| Fair value losses on financial assets at fair value through profit of loss, net | **43,637*** | 115,060* |

| | | |
|---|---|---|
| Fair value losses/(gains) on derivative financial instruments, net - transactions not qualifying as hedges | **5,402*** | (37,019) |
| Loss on disposal of items of property and equipment | **11*** | - |
| Foreign exchange differences, net | **9,115*** | 30,687* |
| | | |
| Impairment losses/(reversal of impairment losses) on financial assets, net: | | |
| Loans and interest receivables | **-** | (1,052) |
| Prepayments, deposits and other receivables, net | **12,807** | 34,567 |
| | **12,807** | 33,515 |
| | | |
| Employee benefit expense (including directors' remuneration): | | |
| Wages and salaries | **71,244** | 68,508 |
| Pension scheme contributions | **3,769** | 3,838 |
| | **75,013** | 72,346 |

* These expenses are included in "Other expenses" in the consolidated statement of profit or loss.

## 6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the periods ended 30 June 2023 and 30 June 2022, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2022: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%). Corporation tax in the United Kingdom ("UK") has been provided at an effective rate of 23.5% (2022: 19%) according to the requirements set forth in the relevant UK tax laws and regulations. Tax on profits assessable in Mainland China has been calculated at the applicable People's Republic of China ("PRC") corporate income tax rate of 25% (2022: 25%) during the periods, except for one subsidiary of the Group, which is operating in Tibet and is entitled to preferential income tax rate of 15% (2022: 15%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

| | **Six months ended 30 June** | |
|---|---|---|
| | **2023** | 2022 |
| | **(Unaudited)** | (Unaudited) |
| | **HK$'000** | HK$'000 |
| Current charge for the period | | |
| UK | **29,902** | 6,128 |
| Mainland China | **-** | 13,880 |
| Underprovision/(overprovision) in prior periods | **(530)** | 31 |
| Deferred tax | **-** | (4,950) |
| Total tax charge for the period | **29,372** | 15,089 |

## 7. DIVIDENDS

During the six months ended 30 June 2023, 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 2022 which was paid on 7 June 2023.

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

During the six months ended 30 June 2022, 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 2021 which was paid on 6 June 2022.

## 8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings/(loss) per share is based on the profit/(loss) 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/(loss) per share presented for the six months ended 30 June 2023 and 2022 as the Group had no potentially dilutive ordinary shares in issue during the periods.

The calculations of basic and diluted earnings/(loss) per share are based on:

| | **Six months ended 30 June** | |
|---|---|---|
| | **2023** | 2022 |
| | **(Unaudited)** | (Unaudited) |
| | **HK$'000** | HK$'000 |
| Earnings/(loss) | | |
| Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation | **(1,349,829)** | 240,935 |

| | **Number of shares** | |
|---|---|---|
| | **Six months ended 30 June** | |
| | **2023** | 2022 |
| Shares | | |
| Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings/(loss) per share calculation | **3,882,334,668** | 3,882,334,668 |

## 9. PROPERTY AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired items of property and equipment with a cost of HK$152,000 (six months ended 30 June 2022: HK$44,965,000), including owned assets of HK$152,000 (six months ended 30 June 2022: owned assets of HK$1,325,000 and right-of-use assets of HK$43,640,000).

## 10. TRADE RECEIVABLES

| | **30 June 2023** | 31 December 2022 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | **HK$'000** | HK$'000 |
| Trade receivables | **2,780** | 9,120 |

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 2023 (Unaudited) HK$'000 | 31 December 2022 (Audited) HK$'000 |
|---|---|---|
| Within 1 month | **1,796** | - |
| 1 to 3 months | **419** | 8,462 |
| 3 to 6 months | **565** | 658 |
| | **2,780** | 9,120 |

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 twelve 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. SHARE CAPITAL

| | 30 June 2023 (Unaudited) HK$'000 | 31 December 2022 (Audited) HK$'000 |
|---|---|---|
| Authorised: | | |
| 20,000,000,000 ordinary shares of HK$0.10 each | **2,000,000** | 2,000,000 |
| Issued and fully paid: | | |
| 3,882,334,668 ordinary shares of HK$0.10 each | **388,233** | 388,233 |

## INTERIM DIVIDEND

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

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group continues its property investment and development business in major cosmopolitan cities, covering London, the United Kingdom, Hong Kong and some key cities in the PRC. The Group believes these cities with their sound infrastructures will see continual economic growth, and investments can generate good returns on a long-term basis due to the structural demand for real estates.

### Revenue and Operating Profit

Performance for the period under review was impacted by the uncertain economic environment arising from the global interest rates hikes despite the long-awaited reopening of the cross border with China in February this year after the Covid pandemic. The economic rebounce in HK and mainland China is still slow. The road ahead could still be very bumpy given the geopolitical tension, disruption of supply chain causing global inflation, substantial rise in interest rates and the still rather weak recovery of the PRC property market.

In the first half of the year, the rental income from the investment property portfolio decreased by 8.7% compared to the corresponding period last year, amounting to HK$239.0 million, due to the expiry of certain leases in One Kingdom Street and depreciation of approximately 3.4% of the average exchange rate of the GBP against the HKD during the period.

Total revenue amounted to HK$239.7 million (six months ended 30 June 2022: HK$264.6 million) which represents a decrease of 9.4% compared with the same period last year.

The geopolitical tension between the USA and China, and global interest rate hikes had led to liquidity issues of financial institutions resulting in a general decline in equity prices. This has an adverse impact on our treasury investment business. The treasury investment segment, comprising of listed equity securities and unlisted investment funds, recorded fair value losses of HK$43.6 million (six months ended 30 June 2022: HK$115.1 million) during the period.

After years of investment, the Group's share of the results from the operation of joint venture investments (including investments in joint ventures and associates) for the six months ended 30 June 2023 recorded a profit of HK$319.5 million, which represents a decrease of HK$78.3 million compared to the corresponding period of last year. The decrease is primarily due to the absence of the gain of HK$289 million on bargain purchase relating to the acquisition of a 32% effective interest in No. 15 Shouson project in the previous year offset by the increased profit contribution of HK$216 million from the delivery of the residential units of Phase I of the Thames City project in London.

The value of the Group's investment properties in the UK continued to be adversely impacted by the interest rate hikes which resulted in fair value losses of HK$1.4 billion. As this expense is non-cash in nature, and the Group is holding these investment properties for long term rental purposes, the Group does not expect its overall financial position to be affected substantially.

As at 30 June 2023, the Group's investment properties in the UK were revalued by Knight Frank Petty Limited ("KF") at GBP1.15 billion, representing a decrease of 10.7% compared to that of last year end. Same as 31 December 2022, KF adopted the income capitalization approach with the following key values of inputs:

| Values of input | 30 June 2023 | 31 December 2022 | Relationship to fair value |
|---|---|---|---|
| Estimated rental values (per square foot per annum) | GBP53 to GBP110 | GBP60 to GBP110 | The higher the rental values the higher the fair value |
| Equivalent yields | 4.54% to 5.25% | 3.99% to 4.91% | The higher the yields the lower the fair value |

The income capitalization approach took into consideration the rental values of the tenancies and the investment yields which are the critical factors in determining its values and is widely considered to be the most adopted and appropriate methodology for valuing properties held for long term rental purpose. The decrease in fair value as at 30 June 2023 was mainly driven by the upward adjustment of the investment yields to 4.54% to 5.25% which is reasonable and in line with the Group's expectation in view of the interest rate hikes during the period.

The loss attributable to shareholders was HK$1,349.8 million (six months ended 30 June 2022: a profit of HK$240.9 million). The basic loss per share for the period was HK34.77 cents (six months ended 30 June 2022: basic earnings per share of HK6.21 cents).

**Investment Properties**

As at 30 June 2023, the Group owns two Grade A commercial properties in the United Kingdom.

**United Kingdom**

The two commercial buildings, namely The Leadenhall Building and One Kingdom Street, with an approximate total leasable area of 875,000 square feet ("sqf"), are located in the prime financial and insurance districts in the Central London, United Kingdom. These two buildings represent the Group's core rental business and continue to contribute a strong and stable revenue income stream.

During the six months ended 30 June 2023, the Group generated a rental income of HK$239.0 million (six months ended 30 June 2022: HK$261.8 million) from its investment properties in the United Kingdom. The Group's rent collection has been unperturbed with 98% of rent collected in the period (six months ended 30 June 2022: 98%).

The Group believes the long-term prospects for London remain positive given the latter's status as a major global city, with a commercial property market that draws lasting interest from both occupiers and investors.

***The Leadenhall Building***

The Leadenhall Building is one of the iconic buildings in the Central London district, a skyscraper having a height of 225 meters (738 feet) tall. The building's distinctive wedge-shaped architectural design has created several specific spaces to cater for the different needs of the tenants' businesses. The combination of modern offices and food experiences in the neighborhood enables tenants' businesses to attract and retain talented people working there. The property consists of 46 floors which are used mainly for office purposes and will be held by the Group as investment property for long-term capital growth. It comprises approximately 610,000 sqf of office and retail space and is almost fully let with a weighted average unexpired lease term of approximately 8.6 years with 6.7 years on a term-certain basis. The building's tenant base includes several renowned international insurance companies alongside other financial institutions, technology, and professional service businesses. The current annual contract rent of The Leadenhall Building is in the region of GBP41.6 million (31 December 2022: GBP41.6 million). As at 30 June 2023, the office space was fully leased. The rental yield is approximately 3.6% per annum.

***One Kingdom Street***

The property is well connected to public transportation with nearby underground stations, providing easy access to Oxford Street or Heathrow Airport. One Kingdom Street is situated in Paddington Central, a place comprised of dining, office and residential blocks, hotel, retail and entertainment amenities. The building was recently refurbished with luxury-feel office spaces, together with its features elegant, glazed exteriors and a superbly functional entrance hall. Above the hall, 265,000 sqf of superior office space is spread over nine floors. There is a huge amount of natural light in every office to create a productive and enjoyable working environment.

One Kingdom Street building offers approximately 265,000 sqf of Grade A office accommodation and some parking spaces, with a current annual contract rent of approximately GBP12.6 million (31 December 2022: GBP15.4 million), equivalent to an annual yield of 4.3%. The building is 79% leased to reputable major tenants and the refurbishment of the vacant spaces are on the way in order to speed up the leasing activities. Apart from office accommodation, Transport for London has returned to One Kingdom Street 15,360 sqf of vacant space underneath the office tower after completion of the metro Elizabeth Line's related construction works. The Group is currently exploring various leasing options for this vacant space which may entail creating a net zero urban logistics hub in collaboration with adjacent landlords in Paddington Central.

The Group had successfully renewed the lease with one of its major tenants in One Kingdom Street for a total area of approximately 93,100 sqf with an approximately 26% uplift on the passing rent.

The Group manages the property leases proactively in order to maintain sustainable occupancy rates and high tenant retention, while reducing the tenant concentration risks. It also engages with the tenants regularly to strengthen the property's position as a choice office in Central London.

**Joint Ventures**

As at 30 June 2023, the Group has seven property projects operating through joint ventures, two projects with over 0.8 million sqf of attributable development space in London, three projects with approximately 0.5 million sqf in Hong Kong and two projects with approximately 7.0 million sqf in the PRC.

The Group's total investments in joint venture projects increased to HK$10.5 billion as at 30 June 2023, up from HK$10.3 billion as at 31 December 2022. The increase was largely due to the accumulated profit shared by the joint ventures and the effect of foreign exchanges. There was no acquisition or disposal of joint ventures during the period under review.

The Group's development pipeline is a significant component of the value of its joint venture business, and the Group expects this pipeline to contribute significantly to earnings and provide attractive returns on its investments in the near to medium term. As at 30 June 2023, the Group held interests in centrally located development sites with a total attributable development potential of approximately 8.3 million sqf, primarily in the United Kingdom, Hong Kong and the PRC.

**London**

The Group's presence in London's development business through its ownership interests in Thames City and The Whiteley continues to drive value for its shareholders. As at 30 June 2023, an accumulated total of 395 residential units for over GBP713 million have been presold in Thames City, and a total of 77 residential properties for an aggregate sales price of roughly GBP489 million have been presold for The Whiteley.

***Thames City***

Just south of the River Thames, the 10-acre former New Covent Garden Market site is now being redeveloped as Thames City, a mixed-use development featuring 12 residential and commercial buildings, ranging in height from 4 to 53 storeys, and a park which forms part of a vibrant regeneration district that will run from the Vauxhall Bridge to the Battersea Power Station. When fully completed, Thames City comprises 1,500 luxury residential units with a total saleable area of approximately 1.7 million sqf, including three primary towers which rise to 53 storeys above basement, providing exceptional panoramic views over the whole of London. Other facilities include a grand clubhouse with a 30-metre-long swimming pool, landscaped gardens, restaurants, retail outlets and commercial spaces.

With construction progressing well, two major towers of Phase I were completed and the remaining tower is planned for delivery to the buyers in the fourth quarter of the year, yielding a total saleable area of approximately 680,000 sqf. During the period under review, a total 194,500 sqf was sold and recognized in the profit and loss account of the project company contributing GBP319 million in sales revenue. Benefiting from the encouraging sales performance, the construction loans were fully repaid more than 17 months ahead of schedule in March this year. Thames City's marketing continues in progress and has met with much success. As domestic and international travel restrictions are lifted, United Kingdom's reopening to international travelers and overseas buyers is making its presence felt.

The Group has 50% interests in the Thames City project.

***The Whiteley***

In 2019, the Group committed to invest GBP182 million to restore the legendary Whiteley Shopping Centre as it forms an important part of the wider regeneration of Queensway which is being transformed into a more pedestrian friendly zone for London. Located in Queensway, W2, the Whiteley redevelopment project is a mixed-use scheme which secured planning permission in 2016. When finished, the project with about 603,000 sqf will deliver 139 luxurious residential apartments, a 109 keys of a 5-star spa hotel operated by Six Senses, retail and restaurant spaces, offering an exceptional investment opportunity in prime Central London. The Whiteley will be restored to its legendary position at the heart of Bayswater after completion of the redevelopment. The Group has fully paid its committed investment of GBP182 million for the development.

At The Whiteley, the construction is in progress with practical completion anticipated at the first half of 2024. The development will deliver approximately 326,000 sqf of residential apartments, and 277,000 sqf of retail, hotel, commercial and parking spaces. The formal sales started in November 2021. As at the period end, it has presold 77 residential units for GBP489 million.

The Group has approximately 46% interests but 50% voting power in this project.

**Hong Kong**

***Harbourside HQ***

Located next to the Kai Tak Development District, Harbourside HQ is a 28-storey Grade A office with a total marketable gross floor area of approximately 795,000 sqf, including retail spaces on the ground and first floor, and 285 parking spaces. Overlooking Kai Tak and Kwun Tong Promenade, the property is situated close to the Ngau Tau Kok MTR station, rendering it accessible and connected to different parts of Hong Kong. With its unique location and iconic 136.5 meter height, Harbourside HQ commands a panoramic harbour view from the Lei Yue Mun Straits to the Victoria Harbour. The nearby retail and commercial structures offer amenities in shopping, dining, and entertainment. The building is 62% leased out as at 30 June 2023 and the occupancy rate is expected to improve to approximately 80% following the completion of the new lease in the second half of the year. The cost of acquisition was HK$7.5 billion in which the Group has a 25% interest.

***No. 15 Shouson***

No. 15 Shouson is located at No. 15 Shouson Hill Road West. It comprises a total of 15 luxury villas with a total gross floor area of approximately 88,000 sqf. All the villas have built-in lifts, gardens, usable rooftops and parking spaces. Among them, 13 villas have also private swimming pools. Two villas at prices of approximately HK$870 million and HK$435 million have been successfully sold respectively, equivalent to HK$108,000 per square foot and HK$92,000 per square foot.

The Group has 42% interests in No. 15 Shouson with an investment of about HK$1.2 billion.

***Kowloon Bay International Trade & Exhibition Centre ("KITEC")***

The Group has an effective 15% interest in a joint venture development project related to KITEC with an attributable investment of about HK$906 million. The property has a site area of about 240,000 sqf and a total gross floor area of about 1.8 million sqf which will be positioned for commercial developments in 2024.

**The PRC**

***Development Projects***

***Jiangsu Yancheng Project (江蘇鹽城項目)***

The Group has a 29.4% interest in a joint venture of a development project in Jiangsu with a planned total investment of RMB496 million. The project has a site area of about 687,000 sqf. When fully developed, it comprises 1.56 million sqf of residential and commercial saleable area. The project is located at the intersection of Yanzhen Road (鹽枕路) and Houde Road (厚德路) in close proximity to the city government office building, the airport, and railway station. Construction work commenced in June 2021.

The project will be developed in two phases, comprising thirteen residential and commercial buildings. Construction of Phase I comprises six buildings, all of which have already been completed to the top floor. Pre-sales commenced in September 2021 with 314,000 sqf sold. Completion of the Phase I is due at the end of December 2023.

***Guangdong Jiangmen Project (廣東江門市項目)***

The Group has a 34% interest in a joint venture of a development project in Jiangmen city, Guangdong Province, with a total investment cost of RMB703 million. The project, with a site area of about 15.5 million sqf, is positioned for commercial and residential development, providing a total GFA of about 19.2 million sqf. The project is located on the west bank of the Guangdong-Hong Kong-Macau Greater Bay Area, at the core of the Taishan (台山) coastal resort area.

The project is still in its initial stage with completed site survey. Infrastructure works related to access roads and utility facilities are required for the residential site before the commencement of construction works.

**Treasury Investment Business**

The treasury investment segment recorded a loss of HK$62.7 million (six months ended 30 June 2022: HK$137.7 million). The dividends and interests earned from investments and loans receivable amounted to HK$0.7 million (six months ended 30 June 2022: HK$2.8 million). The fair value losses from its investment portfolio amounted to HK$43.6 million (six months ended 30 June 2022: HK$115.1 million).

## CORPORATE STRATEGY AND OUTLOOK

The rebounce of economy in Hong Kong and mainland China appears to require a longer period to restore to the pre-Covid pandemic level although the long-awaited reopening of the cross border with China after Covid pandemic finally occurred in February this year. The Group continues to adopt a wait and see approach in tackling the adverse impact of the continual interest rates hike. The Group will adopt a conservative attitude but keep a watchful eye on the market and cherry pick high-quality assets and businesses which might appear.

Following the progressive completion of the two development projects in London, revenue will be continually booked and provide attractive returns to the Group. Concurrently the two investment properties in Central London will continue to provide a steady and recurring rental income for the Group.

Looking forward, the Management anticipates volatility, uncertainty and a more challenging business environment. The Group will focus on ensuring the stability and durability of its existing property portfolio and maintain a healthy balance sheet.

## FINANCIAL REVIEW

**Treasury Investments**

The Group regularly reviews and manages its capital structure to ensure that its financial position remains sound, so that it can continue to provide returns to shareholders while keeping financial leverage at a prudent level. The objectives of the Group’s investment policy are to minimize risks while retaining liquidity, a strong balance sheet, and to achieve a competitive rate of return.

The Group invested surplus cash in a diversified portfolio of listed equity securities and unlisted investment funds. As at 30 June 2023, the portfolio of investments comprised of listed equity securities and unlisted investment funds with an aggregate carrying value of HK$1,155.8 million (31 December 2022: HK$1,199.4 million) which is listed in the table below:

| | **30 June 2023**<br>**HK$’ million** | 31 December 2022<br>HK$’ million |
|---|---|---|
| **Financial assets at fair value through profit or loss** | | |
| Listed equity securities | **189.3** | 214.8 |
| Unlisted investment funds | **966.5** | 984.6 |
| Total | **1,155.8** | 1,199.4 |

In terms of performance, the Group recognized from its portfolio of investments during the period an unrealized fair value loss of HK$43.6 million (six months ended 30 June 2022: HK$115.1 million) in the consolidated statement of profit or loss. No realized gain/loss on the portfolio of investments for the period was recorded (six months ended 30 June 2022: Nil), whereas the dividends and interest income from above investments was HK$0.7 million (six months ended 30 June 2022: HK$0.7 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 investment portfolio 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**

As at 30 June 2023, the Group had cash on hand of HK$2.1 billion and amounts available under its lines of credit totalling HK$0.3 billion. About 14% of the Group's bank deposits and cash were denominated in HKD, 50% in USD, 31% in GBP and 5% in other currencies.

The Group has executed a conservative strategy of securing long-term financing on individual properties. As at 30 June 2023, the Group had two investment properties valued at approximately HK$11.4 billion which are charged with mortgages totalling HK$6.7 billion.

Where appropriate, the Group uses interest rate swaps to lock-in lending rates on certain mortgages and bank borrowings, which provides certainty to the rate of interest on borrowings involving transactions of a longer term nature.

The Group's net borrowings increased to HK$9.0 billion at 30 June 2023, compared with HK$8.8 billion at 31 December 2022. As a result, the Group's net gearing ratio, which is calculated as net borrowings as a percentage of the owners' equity, increased to 62.8% at 30 June 2023 from 59.2% at 31 December 2022.

As at 30 June 2023, total debt was HK$11.1 billion (31 December 2022: HK$10.7 billion) with the maturity profile spreading over a period of five years with HK$0.5 billion repayable within one year and the remaining HK$10.6 billion repayable after one year. About 63% of the Group's total debt was denominated in GBP, 21% in USD, 15% in HKD, and 1% in RMB. The debt to total assets ratio was 43% (31 December 2022: 41%) and is calculated as debt as a percentage to total assets. As at 30 June 2023, except for the notes payable of HK$2.3 billion (31 December 2022: HK$2.3 billion) and other loan of HK$0.1 billion (31 December 2022: HK$0.1 billion) bearing interest at fixed rates, all bank borrowings bear interest at floating interest rates. The weighted average cost of debt was 5.6% (six months ended 30 June 2022: 3.1%) per annum during the period.

The Group continues to maintain a high level of liquidity. Total assets as at 30 June 2023 were HK$25.9 billion, of which approximately 13.6% was current in nature. Net current assets were HK$2.5 billion.

As at 30 June 2023, the owners' equity was HK$14.3 billion (31 December 2022: HK$14.9 billion) and the net assets value per share was HK$3.68 (31 December 2022: HK$3.84).

**Contingent Liabilities/Financial Guarantees**

At 30 June 2023, the Group had the following contingent liabilities/financial guarantees:

1. Guarantees given to a bank in connection with facilities granted to a joint venture up to HK$851 million (31 December 2022: HK$2,525 million).

2. Guarantees given to banks and an independent third party in connection with facilities granted to associates up to HK$1,777 million (31 December 2022: HK$1,787 million).

3. Guarantees given to certain financial institutions in connection with the cost overrun guarantee in respect of the project development costs and sales milestones guarantee of a joint venture up to HK$816 million (31 December 2022: HK$782 million).

**Pledge of Assets**

As at 30 June 2023, investment properties, bank deposits, and property and equipment in the respective amounts of HK$11.4 billion, HK$25.0 million and HK$70.0 million have been pledged as security for banking facilities granted to the Group and a joint venture of 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 rate and liquidity risks and to provide a degree of certainty in respect of costs.

The Group adopts strategic hedging policies to optimize risk-adjusted returns from operations, including the following initiatives:

1. Use of interest rate swaps to hedge the interest rate risk on borrowings.
2. Use of same currency borrowings as a natural hedge to match the currency of assets and cashflows.
3. Use of currency forward contracts to hedge currency risk as appropriate.

## EMPLOYEES

As at 30 June 2023, the Group employed a total of 116 employees in Hong Kong, China and the United Kingdom for its principal business. Remuneration cost for the period under review (excluding directors' emoluments) amounted to approximately HK$52 million.

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

Employees are also eligible to be granted share options under the Company's share option scheme at the discretion of the Board. For the six months ended 30 June 2023, no equity-settled share option expense was charged off to the consolidated statement of profit or loss.

## CORPORATE GOVERNANCE PRACTICES

The Company has applied to its corporate governance structure and practices the principles of good corporate governance, and complied with the code provisions, under the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2023.

## 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 2023.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

## REVIEW OF INTERIM RESULTS

The Audit Committee has discussed with the management the accounting policies and practices adopted by the Group, and has reviewed the Group's unaudited interim condensed consolidated financial information for the six months ended 30 June 2023.

## 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 2023 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, 22 August 2023

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