C C LAND HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code: 1224

Interim Report 2018

Contents

Corporate Information

DIRECTORS

Executive directors
Mr. Cheung Chung Kiu *(Chairman)*
Dr. Lam How Mun Peter
(Deputy Chairman & Managing Director)
Mr. Wong Chi Keung *(Deputy Chairman)*
Mr. Leung Chun Cheong
Mr. Leung Wai Fai

Independent non-executive directors
Mr. Lam Kin Fung Jeffrey
Mr. Leung Yu Ming Steven
Dr. Wong Lung Tak Patrick

AUDIT COMMITTEE

Mr. Lam Kin Fung Jeffrey *(Chairman)*
Mr. Leung Yu Ming Steven
Dr. Wong Lung Tak Patrick

NOMINATION COMMITTEE

Mr. Cheung Chung Kiu *(Chairman)*
Dr. Lam How Mun Peter
Mr. Lam Kin Fung Jeffrey
Mr. Leung Yu Ming Steven
Dr. Wong Lung Tak Patrick

REMUNERATION COMMITTEE

Mr. Leung Yu Ming Steven *(Chairman)*
Mr. Cheung Chung Kiu
Dr. Lam How Mun Peter
Mr. Lam Kin Fung Jeffrey
Dr. Wong Lung Tak Patrick

AUTHORISED REPRESENTATIVES

Dr. Lam How Mun Peter
Mr. Leung Chun Cheong

COMPANY SECRETARY

Ms. Cheung Fung Yee

WEBSITE

www.ccland.com.hk

STOCK CODE

1224

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

25th Floor
China Resources Building
26 Harbour Road
Wanchai, Hong Kong
(with effect from 27 August 2018)

INDEPENDENT AUDITORS

Ernst & Young
Certified Public Accountants

LEGAL ADVISORS

Hong Kong
Cheung Tong & Rosa Solicitors

Bermuda
Conyers Dill & Pearman

SHARE REGISTRARS AND TRANSFER OFFICES

Principal share registrar and transfer office
MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08, Bermuda

Hong Kong branch share registrar and transfer office
Tricor Secretaries Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Chong Hing Bank Limited
Hang Seng Bank Limited
ING Bank N.V., London Branch
The Bank of East Asia, Limited
Wing Lung Bank Limited

On behalf of the Board of Directors (the "Directors" or the "Board") of C C Land Holdings Limited (the "Company"), I am pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2018.

BUSINESS REVIEW

In the first half of 2018, the growth of the global economy remained strong, but from the macro perspectives, there are still many uncertainties. The challenges are from the unclear outcome of the Brexit negotiation, tightened monetary policies of major economies, interest rates hikes, and the strengthening US dollar. These may slow down the economic momentum. The Group's investment objective is to achieve continuous capital growth and distribute income by investing in diversified real estate portfolios in matured economies. Stability is important, especially in times of uncertainties.

During the period under review, with low levels of interest rates in the United Kingdom and Australia, where the Group has real estate investments, there was further solid demand for property. The strong demand for office space and low vacancy rate in the key financial districts in London presented rental increase opportunities for the Group's commercial properties in London. The same situation is evident in Sydney as well. The Group's commercial properties in both London and Sydney are 100% let, in spite of some ongoing upgrade and refurbishment in some of the properties. In another aspect, the Group has formed strategic partnerships to participate in new development projects, both residential and commercial, in London where the Group expects promising returns.

During the period, the Group has also made new investments in three development projects in the PRC with local joint venture partners. In May 2018, the Group holding 48.98% interest in a joint venture entered into another joint venture agreement to acquire an 80% interest in a PRC real estate company which is currently running 5 property development projects in Chengdu and Xian with a total land bank of approximately 30 million square feet ("sqf") at a consideration of RMB980 million. These projects are either located close to the downtown districts of the respective cities or have excellent connectivity with direct access to major motorways leading to the city centre and main local attractions. They are mixed developments, comprising of small and medium sized apartments, luxurious residences and retail spaces.

In the same month, the Group entered into an agreement to acquire 42.86% interest in a PRC property development project, with a total investment cost of RMB270 million. The project is located in Zhuzhou City, Hunan Province. In close proximity to the highway entrance, hospital facilities and local amenities, the project with a site area of 4.8 million sqf is positioned for commercial and residential developments, providing a total gross floor area ("GFA") of about 9.5 million sqf. Construction of the first phase started in the first half of 2018 with presales scheduled in the second half of 2018. The project is expected to be completed by 2020.

In June 2018, the Group entered into an agreement to acquire 50% interest in another PRC property development project, with an investment cost of RMB215 million. The project is located in Sichuan and has a site area of about 1.5 million sqf and a total GFA of 4.5 million sqf. The project is in the planning stage and is expected to start construction work in the second half of 2018.

The completion of the acquisition of the Leadenhall Triangle Project in London, United Kingdom is extended to the second half of 2018 to accommodate for the fulfillment of conditions precedent. The Group has 35% interest in this project. When fully developed, the project will provide approximately 1.1 million sqf of office and retail spaces.

During the first half of the year, the Group's financial results has achieved remarkable progress as a result of the two prized investments last year. For the first half of 2018, the Group recorded a revenue of HK$305.4 million, an increase of 393.1% compared to HK$61.9 million in the first half of 2017, which was attributed to the significant increase of rental income by 166.6% to HK$251.3 million. The net profit was HK$68.3 million, representing an increase of 14.1% compared to HK$59.9 million during the same period in 2017 despite the recognition of the one-off gain from rental top up received from the vendors of The Leadenhall Building amounting to HK$101.8 million and gain from disposal of a joint venture in the amount of HK$84.7 million in the previous period.

The treasury investment segment recorded a fair value loss of HK$98.8 million and a realized loss of HK$1.6 million from its investment portfolio during the period, against a respective fair value loss and realized loss of HK$18.5 million and HK$147.7 million in the corresponding period last year.

The profit attributable to shareholders for the period amounted to HK$68.3 million (six months ended 30 June 2017: HK$59.9 million), representing an increase of 14.1% when compared with that of the same period last year. The basic earnings per share for the period were HK1.76 cents (six months ended 30 June 2017: HK1.97 cents).

Revenue and Operating Profit

Total revenue amounted to HK$305.4 million, which represented an increase of 393.1% compared with that of the same period in 2017. This included a rental income of HK$251.3 million (six months ended 30 June 2017: HK$94.2 million) and an income of HK$54.1 million (six months ended 30 June 2017: losses of HK$52.0 million) from treasury investments. The increase in rental income was due to the Group's completed acquisitions of One Kingdom Street and The Leadenhall Building last year, realizing a full half year rental income for the first six months of 2018.

The profit attributable to shareholders was HK$68.3 million (six months ended 30 June 2017: HK$59.9 million).

Investment Properties

The Group has two office buildings in the United Kingdom and one office building in Australia through its subsidiaries and a joint venture respectively for rental income as at 30 June 2018.

United Kingdom

As at 30 June 2018, the Group's core commercial property investment comprises of two properties located in the prime financial and insurance districts of London, United Kingdom, namely The Leadenhall Building, and One Kingdom Street respectively. The Group holds 100% interest in these two properties. Together, the two commercial properties offer approximately 875,000 sqf of leasable area. The properties are practically fully leased as at 30 June 2018.

During the six months ended 30 June 2018, the Group generated a rental income of HK$251.3 million (six months ended 30 June 2017: HK$94.2 million) from its investment properties in the United Kingdom.

The Leadenhall Building

The Leadenhall Building is an iconic award-winning building situated in the prime financial and insurance district of London. Completed in 2014, it is a commercial tower with over 46 floors, carrying approximately 610,000 sqf of office and retail space.

With its prime location at the hub of the financial and insurance district of central London, The Leadenhall Building was fully leased in the first half of the year. The rental income of The Leadenhall Building in the first half of 2018 amounted to HK$173.8 million. World-class service levels are maintained within the building through the year by our local management team in the United Kingdom to ensure full satisfaction from the tenants.

The Leadenhall Building is honoured to receive the RIBA London and National Award this year. To increase and maintain the building as an iconic international building, increased public relationship activities were carried out, including a successful social media campaign via Instagram, as well as a Team BRIT charity event held at the building's public galleria in March 2018. The Leadenhall Building organized an event in collaboration with Care's Stairs And The City in March 2018, in which women climbed 48 floors (1,258 steps), and was the UK's first women-only tower-running challenge. The event raised approximately GBP100,000. In April 2018, the Group was one of the headline sponsors of HitClub18, a white collar amateur boxing event, where young professionals trained intensely to participate and raise money for a series of charities. The event raised GBP100,000 on the night.

In February 2018, the Group was one of the headline sponsors at the YN Property Awards Dinner. The event was attended by some of the most important members of the property community and raised a total of GBP155,000 during the course of the evening.

One Kingdom Street

One Kingdom Street is located in London's Paddington area. It provides approximately 265,000 sqf of Grade A office accommodation and some parking spaces. The rental income in the first half of 2018 amounted to HK$77.5 million.

The building sets around Sheldon Square, which comprises of a theatre, cafes and restaurants, office accommodation, residential blocks, hotel, retail, and entertainment amenities. The Group has appointed Colliers to undertake the 2018 rent review, and is confident that the renewal of leasing contracts in general will achieve better terms and higher rental incomes.

Following the acquisition of One Kingdom Street, the Group conducted a careful review of the building. In consultation with the tenants it was determined that the reception should be remodeled and refurbished in order to bring the building up to the highest standard with a modern bright space of high ceilings and a high-quality functional entrance environment. An artisan coffee operator has been introduced at the reception, together with a new seating area at the base of the atrium for break out meetings and building events. The refurbishment was completed in August 2018 at the cost of just under GBP2 million.

Australia

72 Christie Street, St Leonards

Constructed in 1990, 72 Christie Street, St Leonards is a modern Grade A office building in which the Group has an effective interests of 34.5%. The building has about 119,510 sqf of office accommodation over 8 floors and 220 below-ground car bays on a site of 30,289 sqf.

St Leonards is an established office area, located approximately 2 kilometres from North Sydney CBD, and approximately 7 kilometres from Sydney CBD. The property is in close proximity to the Pacific Highway and the St Leonards Railway Station/Forum Retail Complex, which provides excellent access to all major transport links and retail facility. Infrastructure refurbishment work for the building has been completed. The property is 100% let to a single reputable tenant.

Development Properties

As at 30 June 2018, the Group's development projects include interests in the Nine Elms Square Project and the Leadenhall Triangle Project, both of which are located in London, United Kingdom, and three property development projects in China.

Nine Elms Square

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

Nine Elms Square situates at the South Bank of the River Thames, with a panoramic view of Central London, and is located close to the new American Embassy. Nine Elms Square occupies a ten acre area, and comprises of several towers, and is a landmark residential place on the South Bank.

This project will be developed in two phases. Most of the units will enjoy a panoramic view of the River Thames. The ground breaking ceremony of the project was held in July 2018 and the project is tentatively expected to be completed in 2022. When fully developed, the whole project will provide about 1,900 residential units with a total saleable area of circa 1.7 million sqf.

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

The Leadenhall Triangle

In December 2017, the Group entered into a partnership agreement to acquire the office-led investment project, in which the Group has a 35% interests. The acquisition is expected to be completed in the second half of 2018. The project will provide approximately 1.1 million sqf of office and retail spaces.

The Leadenhall Triangle is a site of 2.5 acre in the heart of the City of London, out of which 1.5 acre will be developed into another icon in the London skyline, a circa 0.9 million sqf, 34-storey office development with an expected completion date of 2023, and the remaining 1.0 acre already has in place approximately 200,000 sqf of office, retail and ancillary accommodation. In total, the Leadenhall Triangle will provide in excess of 1.1 million sqf of accommodation.

China Property Development Projects

During the period, the Group had achieved significant steps in identifying potential development projects in China and had built up a portfolio of real estate business through investing in joint ventures as detailed in the section headed "Business Review" above.

Treasury Investment Business

The treasury investment recorded a loss of HK$70.8 million (six months ended 30 June 2017: HK$139.7 million). The dividends and interests earned from investment and loan receivables totalled HK$54.7 million (six months ended 30 June 2017: HK$26.7 million). The fair value loss and realized loss from its investment portfolio during the period amounted to HK$98.8 million and HK$1.6 million, against a respective fair value loss and realized loss of HK$18.5 million and HK$147.7 million in the corresponding period last year.

CORPORATE STRATEGY AND OUTLOOK

Although there are uncertainties over the growth of global economies, the Group will continue to pursue cautiously its strategy to seek quality investment properties in well developed countries to build up stable and recurring incomes; to acquire land for property development in prime location of metropolitan cities, and in other cities with strong growth potentials.

The Group may also grow its real estate portfolio by partnering with investors and local developers to capture opportunities and diversify risks.

FINANCIAL REVIEW

Investments

The Group invested its surplus cash in a diversified portfolio of listed equity securities, unlisted investment funds and debt investments. As at 30 June 2018, this portfolio of investments has an aggregate carrying value of HK$3,001.8 million (31 December 2017: HK$2,998.3 million) which is listed in the table below:

	30 June 2018 HK$'Million	31 December 2017 HK$'Million
Financial assets at fair value through profit or loss		
Listed equity securities	**307.3**	310.9
Unlisted investment funds	**1,853.0**	1,729.2
	2,160.3	2,040.1
Financial assets at fair value through other comprehensive income		
Listed equity securities	**670.4**	756.4
Debt investment	**171.1**	201.8
	841.5	958.2
Total	**3,001.8**	2,998.3

In terms of performance, the Group recognized from its portfolio of investments during the period unrealized fair value loss of HK$98.8 million (six months ended 30 June 2017: HK$18.5 million) in the consolidated statement of profit or loss and unrealized fair value gain of HK$196.5 million (six months ended 30 June 2017: HK$59.2 million) in the consolidated statement of other comprehensive income. The realized loss on the portfolio of investments for the period was HK$1.6 million (six months ended 30 June 2017: HK$147.7 million), whereas the amount of dividends and interest income from investments for the period was HK$24.1 million (six months ended 30 June 2017: HK$10.6 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 corresponding performances of the relevant financial markets which may change rapidly and unpredictably.

The Group will continuously adopt a prudent and cautious investment strategy and will from time to time assess the performance of its portfolio of investments and 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 continues to adopt a conservative financial management policy to maintain a strong liquidity position with sufficient financial resources available for expansion and investment, by centrally monitoring its liquidity requirements on a short to five-year term basis and arranging its bank and other borrowings accordingly.

At 30 June 2018, the Group has bank borrowings amounting to HK$14,311.7 million and the maturity profile was spread over a period of 5 years, with HK$6,270.7 million repayable within one year, HK$158.5 million repayable between one to three years, and HK$7,882.5 million repayable beyond three years. Of the amount repayable within one year, HK$5,200 million is secured by the equivalent amount of HKD and USD cash deposits for hedging purpose.

The Group's net gearing ratio as at 30 June 2018 was approximately 36.0% (31 December 2017: 21.8%) as calculated by total borrowings less cash and bank balances and time deposit divided by total equity.

As at 30 June 2018, the cash and bank balances and time deposit totalled HK$8.2 billion. About 76% of the Group's bank deposits and cash were denominated in Hong Kong dollars, 17% in USD, 1% in RMB, and 6% in GBP.

The Group continues to maintain a high level of liquidity. Total assets as at 30 June 2018 were HK$32.7 billion, of which approximately 31% was in current nature. Net current assets were HK$2.3 billion and accounted for approximately 14% of the net assets of the Group.

As at 30 June 2018, the owner's equity was HK$16.9 billion (31 December 2017: HK$16.8 billion) and the net asset value per share was HK$4.36 (31 December 2017: HK$4.34).

Contingent Liabilities/Financial Guarantee

At 30 June 2018, the Group had guarantees amounting to HK$256.6 million given to the vendor in connection with the acquisition of a freehold land by a joint venture (31 December 2017: HK$262.8 million).

Financing Activities

No major financing activities had been arranged by the Group during the period under review.

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

Pledge of Assets

As at 30 June 2018, investment properties, bank deposits and property in the respective amount of HK$14.9 billion, HK$5.2 billion and HK$81.3 million (31 December 2017: the respective amount of HK$12.1 billion, HK$5.1 billion and HK$82.0 million) have been pledged as security for banking facilities granted to the Group.

Exchange Risks and Hedging

The Group hedges its foreign currency assets with a combination of bank borrowings in identical currencies and with forward foreign exchange contracts to offset against any unexpected and unfavorable currency movements, which may result in a loss on translation of the net foreign investment into Hong Kong dollars and such hedged sum amounted to approximately GBP0.7 billion as at 30 June 2018.

EMPLOYEES

As at 30 June 2018, the Group employed a total of 99 employees in Hong Kong, China and United Kingdom. Remuneration cost for the first half of the year (excluding directors' emoluments) amounted to approximately HK$38 million.

The Group ensures that the pay levels of its employees are competitive to the market and employees were rewarded according to their performance.

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 2018, no equity-settled share option expense was charged off to the consolidated statement of profit or loss. Other benefit measures to retain employees include contributions of mandatory provident funds, medical insurance, on-job training and external seminars organized by professional bodies.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30 June 2018, details of the interests and short positions of each of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Interests in shares of the Company (long positions)

	Interests in shares		Interests in underlying shares pursuant to share options granted by the Company [3]		
Name of directors	**Personal interests**	**Corporate interests**		**Aggregate interests**	**Approximate percentage [4]**
Cheung Chung Kiu	–	2,249,284,465 [1&2]	–	2,249,284,465	57.94
Lam How Mun Peter	486,753	–	43,667,369	44,154,122	1.14
Leung Chun Cheong	667,000	–	1,521,900	2,188,900	0.06
Leung Wai Fai	–	–	3,043,800	3,043,800	0.08

Notes:

1. 1,606,215,346 of such shares were held through Thrivetrade Limited ("Thrivetrade"), a company wholly-owned by Mr. Cheung Chung Kiu ("Mr. Cheung"). Accordingly, Mr. Cheung was deemed to be interested in the same number of shares held through Thrivetrade.

   350,873,560 of such shares were held through Fame Seeker Holdings Limited ("Fame Seeker"), a company wholly-owned by Mr. Cheung. Accordingly, Mr. Cheung was deemed to be interested in the same number of shares held through Fame Seeker.

2. 292,195,559 of such shares were held through Regulator Holdings Limited ("Regulator"), a direct wholly-owned subsidiary of Yugang International (B.V.I.) Limited ("Yugang-BVI"), which is in turn a direct wholly-owned subsidiary of Yugang International Limited ("Yugang"). Yugang was owned by Chongqing Industrial Limited ("CIL"), Timmex Investment Limited ("Timmex") and Mr. Cheung as to approximately 44.06% in aggregate. CIL was owned as to 35%, 30%, 5% and 30% by Mr. Cheung, Peking Palace Limited ("Peking Palace"), Miraculous Services Limited ("Miraculous Services") and Prize Winner Limited ("Prize Winner") respectively. Mr. Cheung had 100% beneficial interest in Timmex. Prize Winner was beneficially owned by Mr. Cheung and his associates. Peking Palace and Miraculous Services were held by Palin Holdings Limited ("Palin") as the trustee for Palin Discretionary Trust, a family discretionary trust, the objects of which included Mr. Cheung and his family. Accordingly, Mr. Cheung was also deemed to be interested in the same number of shares held through Regulator.

3. Details of the directors' interests in the underlying shares of the Company pursuant to share options granted by the Company are set out in the section headed "Share Options" below.

4. Approximate percentage refers to the aggregate interests of a director in the shares of the Company expressed as a percentage (rounded to two decimal places) of the issued share capital of the Company as at 30 June 2018.

Save as disclosed above, as at 30 June 2018, the Company had not been notified of any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

The Company adopted a share option scheme on 29 April 2005 ("2005 Scheme"), which expired on 29 April 2015. Details of the 2005 Scheme were disclosed in the Company's circular dated 13 April 2005. Movements of the 2005 Scheme during the period from 1 January 2018 to 30 June 2018 were set out below:

Name or category of participants	Number of share options: At 1 January 2018	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	At 30 June 2018	Date of grant [1] (dd-mm-yyyy)	Exercise period (dd-mm-yyyy)	Exercise Price [2] HK$ per share	Closing price immediately before date of grant HK$ per share
Directors										
Lam How Mun Peter	17,755,500	–	–	–	–	17,755,500	07-05-2009	07-05-2009 to 06-05-2019	3.2229	3.47
	21,853,469	–	–	–	–	21,853,469	03-09-2010	03-09-2010 to 02-09-2020	3.2624	3.19
	4,058,400	–	–	–	–	4,058,400	03-09-2010	01-01-2011 to 02-09-2020	3.2624	3.19
	43,667,369	–	–	–	–	43,667,369				
Leung Chun Cheong	1,521,900	–	–	–	–	1,521,900	03-09-2010	03-09-2010 to 02-09-2020	3.2624	3.19
Leung Wai Fai	3,043,800	–	–	–	–	3,043,800	03-09-2010	03-09-2010 to 02-09-2020	3.2624	3.19
	48,233,069	–	–	–	–	48,233,069				
Employees	10,247,460	–	–	–	–	10,247,460	03-09-2010	03-09-2010 to 02-09-2020	3.2624	3.19
	811,680	–	–	–	–	811,680	03-09-2010	01-01-2011 to 02-09-2020	3.2624	3.19
	11,059,140	–	–	–	–	11,059,140				
Others	4,870,080	–	–	–	–	4,870,080	03-09-2010	03-09-2010 to 02-09-2020	3.2624	3.19
Total	64,162,289	–	–	–	–	64,162,289				

Notes:

1. Certain share options granted are subject to a vesting period beginning from the date of grant until the commencement of the exercise period.
2. The number and the exercise price of the share options are subject to adjustment in case of any rights issues or bonus issues, or any other changes in the Company's share capital.

On 21 May 2015, the Company adopted a share option scheme ("2015 Scheme"), details of which were disclosed in the Company's circular dated 16 April 2015. No share options have been granted under the 2015 Scheme since its adoption and up to 30 June 2018.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 30 June 2018, details of the interests and short positions of every person, other than directors or the chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholders	Capacity in which interests are held	Number of shares held	Approximate percentage[3]
Thrivetrade	Beneficial owner	1,606,215,346[1]	41.37
Fame Seeker	Beneficial owner	350,873,560[1]	9.04
Regulator	Beneficial owner	292,195,559[2]	7.53
Yugang-BVI	Interest of controlled corporation	292,195,559[2]	7.53
Yugang	Interest of controlled corporation	292,195,559[2]	7.53
CIL	Interest of controlled corporation	292,195,559[2]	7.53
Palin	Interest of controlled corporation	292,195,559[2]	7.53

Notes:

1. These shares were included in the interests of Mr. Cheung in the shares of the Company as disclosed under the paragraph "Interests in shares of the Company (long positions)" of the section headed "Directors' and Chief Executive's Interests and Short Positions" above.
2. The interests held by Regulator, Yugang-BVI, Yugang, CIL and Palin respectively as shown above refer to interests in the same block of shares. The said shares were also included in the interests of Mr. Cheung in the shares of the Company as disclosed under the paragraph "Interests in shares of the Company (long positions)" of the section headed "Directors' and Chief Executive's Interests and Short Positions" above.
3. Approximate percentage refers to the aggregate interest which the shareholder held or had short positions in the shares of the Company expressed as a percentage (rounded to two decimal places) of the issued share capital of the Company as at 30 June 2018.
4. All of the interests disclosed above represent long positions.

Save as disclosed above, as at 30 June 2018, the Company had not been notified of any interests or short positions of any other person, other than directors or the chief executive of the Company, in the shares or underlying shares of the Company required to be recorded in the register kept by the Company under Section 336 of the SFO.

Other Information

CORPORATE GOVERNANCE PRACTICES

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 2018.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code 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 2018.

UPDATE ON DIRECTOR'S INFORMATION

Mr. Lam Kin Fung Jeffrey ceased to be a member of Fight Crime Committee from 31 March 2018. Mr. Lam was appointed on 6 June 2018 as an Independent Non-executive Director of Wing Tai Properties Limited, the shares of which are listed on the Stock Exchange.

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 2018.

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 2018.

APPRECIATION

On behalf of the Board, I would like to express our sincere appreciation to the Group's management and staff for their diligence, loyalty and dedication. We are also grateful to our shareholders, strategic partners and bankers for their support and trust which have contributed towards the Group's success.

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

Hong Kong, 24 August 2018

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 (Unaudited) HK$'000	2017 (Unaudited) HK$'000
REVENUE	3, 4	**305,371**	61,923
Cost of sales		**(1,128)**	(15,356)
Gross profit		**304,243**	46,567
Other income and gains	4	**90,591**	298,719
Selling and distribution expenses		**–**	(713)
Administrative expenses		**(100,220)**	(131,555)
Other expenses		**(110,677)**	(91,307)
Finance costs		**(132,560)**	(33,151)
Share of profits and losses of:			
Joint ventures		**6,376**	(12,214)
Associates		**19,333**	1,685
PROFIT BEFORE TAX	5	**77,086**	78,031
Income tax expense	6	**(8,745)**	(18,152)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		**68,341**	59,879
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted		**HK1.76 cents**	HK1.97 cents

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2018

	Six months ended 30 June **2018** **(Unaudited)** **HK$'000**	 2017 (Unaudited) HK$'000
PROFIT FOR THE PERIOD	**68,341**	59,879
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**–**	(942)
Reclassification adjustment for a loss on disposal included in the consolidated statement of profit or loss	**–**	68,962
	–	68,020
Financial assets at fair value through other comprehensive income:		
Changes in fair value	**(30,663)**	–
Exchange difference:		
Release upon disposal of a subsidiary	**–**	1,748
Translation of foreign operations	**(177,066)**	281,766
Hedges of net investments in foreign operations – Effective portion of changes in fair value of hedging instruments during the period	**88,997**	(254,683)
	(88,069)	28,831
Share of other comprehensive income of joint ventures	**(7,291)**	(331)
Share of other comprehensive income of associates	**(408)**	1,215
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(126,431)**	97,735
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Financial assets at fair value through other comprehensive income:		
Changes in fair value	**227,123**	–
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**227,123**	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**100,692**	97,735
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	**169,033**	157,614

Consolidated Statement of Financial Position

30 June 2018

	Notes	**30 June 2018 (Unaudited) HK$'000**	31 December 2017 (Audited) HK$'000
NON-CURRENT ASSETS			
Property and equipment	9	**99,034**	99,815
Investment properties	9	**14,866,771**	15,228,933
Golf club membership		**10,540**	10,540
Investments in joint ventures		**3,879,517**	3,358,046
Investments in associates		**417,846**	227,116
Financial assets at fair value through other comprehensive income		**841,513**	–
Financial assets at fair value through profit or loss		**1,852,977**	–
Available-for-sale investments		**–**	2,687,399
Derivative financial instruments		**83,198**	44,739
Deposits paid for acquisition of associates		**582,725**	–
Total non-current assets		**22,634,121**	21,656,588
CURRENT ASSETS			
Trade receivables	10	**1,935**	5,308
Loans and interest receivables	11	**1,404,548**	130,452
Prepayments, deposits and other receivables		**71,497**	91,274
Equity investments at fair value through profit or loss		**–**	310,874
Financial assets at fair value through profit or loss		**307,338**	–
Prepaid income tax		**16,405**	2,715
Deposits with brokerage companies		**13,856**	12,790
Pledged deposits		**5,200,225**	5,072,750
Restricted bank balances		**77,683**	168,302
Cash and cash equivalents		**2,936,998**	4,719,984
Total current assets		**10,030,485**	10,514,449
CURRENT LIABILITIES			
Other payables and accruals		**574,172**	733,627
Derivative financial instruments		**43,309**	86,915
Interest-bearing bank borrowings	12	**6,305,706**	7,164,578
Tax payable		**782,006**	852,497
Total current liabilities		**7,705,193**	8,837,617
NET CURRENT ASSETS		**2,325,292**	1,676,832
TOTAL ASSETS LESS CURRENT LIABILITIES		**24,959,413**	23,333,420
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	12	**8,005,979**	6,470,533
Deferred tax liabilities		**16,299**	17,138
Total non-current liabilities		**8,022,278**	6,487,671
Net assets		**16,937,135**	16,845,749
EQUITY			
Issued capital	13	**388,233**	388,233
Reserves		**16,548,902**	16,457,516
Total equity		**16,937,135**	16,845,749

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018

		Attributable to equity owners of the Company								
	Note	Issued capital (Unaudited) HK$'000	Share premium account (Unaudited) HK$'000	Exchange fluctuation reserve (Unaudited) HK$'000	Available-for-sale investment revaluation reserve (Unaudited) HK$'000	Fair value reserve (recycling) (Unaudited) HK$'000	Fair value reserve (non-recycling) (Unaudited) HK$'000	Retained profits (Unaudited) HK$'000	Share option reserve (Unaudited) HK$'000	Total equity (Unaudited) HK$'000
At 31 December 2017		**388,233**	**11,977,078***	**98,303***	**598,674***	**–***	**–***	**3,618,189***	**165,272***	**16,845,749**
Impact on initial application of HKFRS 9	2	–	–	–	(598,674)	9,974	267,137	321,563	–	–
Adjusted balance at 1 January 2018		388,233	11,977,078	98,303	–	9,974	267,137	3,939,752	165,272	16,845,749
Profit for the period		–	–	–	–	–	–	68,341	–	68,341
Other comprehensive income for the period:										
Financial assets at fair value through other comprehensive income										
Changes in fair value		–	–	–	–	(30,663)	227,123	–	–	196,460
Share of other comprehensive income of joint ventures		–	–	(7,291)	–	–	–	–	–	(7,291)
Share of other comprehensive income of associates		–	–	(408)	–	–	–	–	–	(408)
Exchange differences:										
Translation of foreign operations		–	–	(177,066)	–	–	–	–	–	(177,066)
Hedge of net investments in foreign operations – effective portion of changes in fair value of hedging instruments during the period		–	–	88,997	–	–	–	–	–	88,997
Total comprehensive income for the period		–	–	(95,768)	–	(30,663)	227,123	68,341	–	169,033
Final 2017 dividend approved		–	–	–	–	–	–	(77,647)	–	(77,647)
Reclassification adjustment for a gain on disposal of financial assets at fair value through other comprehensive income		–	–	–	–	–	(20,531)	20,531	–	–
At 30 June 2018		**388,233**	**11,977,078***	**2,535***	**–***	**(20,689)***	**473,729***	**3,950,977***	**165,272***	**16,937,135**

* These reserve accounts comprise the consolidated reserves of HK$16,548,902,000 (31 December 2017: HK$16,457,516,000) in the consolidated statement of financial position.

	Note	Attributable to equity owners of the Company						
		Issued capital (Unaudited) HK$'000	Share premium account (Unaudited) HK$'000	Exchange fluctuation reserve (Unaudited) HK$'000	Available-for-sale investment revaluation reserve (Unaudited) HK$'000	Retained profits (Unaudited) HK$'000	Share option reserve (Unaudited) HK$'000	Total equity (Unaudited) HK$'000
At 1 January 2017		258,822	9,524,823	(604)	(5,838)	3,326,313	165,272	13,268,788
Profit for the period		–	–	–	–	59,879	–	59,879
Other comprehensive income for the period:								
Available-for-sale investments								
Changes in fair value		–	–	–	(942)	–	–	(942)
Reclassification adjustment for a loss on disposal included in the consolidated statement of profit or loss		–	–	–	68,962	–	–	68,962
Share of other comprehensive income of joint ventures		–	–	(331)	–	–	–	(331)
Share of other comprehensive income of associates		–	–	1,215	–	–	–	1,215
Release of reserves upon disposal of a subsidiary		–	–	1,748	–	–	–	1,748
Exchange differences on translation of foreign operations		–	–	281,766	–	–	–	281,766
Hedge of net investments in foreign operations – effective portion of changes in fair value of hedging instruments during the period		–	–	(254,683)	–	–	–	(254,683)
Total comprehensive income for the period		–	–	29,715	68,020	59,879	–	157,614
Rights issue	13	129,411	2,458,812	–	–	–	–	2,588,223
Share issue expenses	13	–	(6,557)	–	–	–	–	(6,557)
At 30 June 2017		388,233	11,977,078	29,111	62,182	3,386,192	165,272	16,008,068

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 (Unaudited) HK$'000	2017 (Unaudited) HK$'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Cash generated from operations		**(1,046,442)**	181,897
Tax paid, net		**(93,070)**	(2,744)
Interest paid		**(123,548)**	(32,696)
Net cash flows generated from/(used in) operating activities		**(1,263,060)**	146,457
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of subsidiaries	14	**–**	(14,192,455)
Loans to joint ventures		**–**	(131,960)
Proceeds from disposal of subsidiaries		**–**	1,026,969
Proceed from disposal of a joint venture		**–**	296,150
Purchases of available-for-sale investments		**–**	(191,813)
Purchases of financial assets at FVPL		**(274,747)**	–
Proceed from disposal of available-for-sale investments		**–**	967,364
Proceed from disposal of financial asset at FVOCI		**313,104**	–
Proceed from disposal of financial assets at FVPL		**38,981**	–
Increase in pledged deposits		**(127,475)**	(3,964,740)
Investment in associates		**(187,500)**	–
Investment in joint ventures		**(583,648)**	–
Deposits paid for acquisition of associates		**(582,725)**	–
Other cash flows arising from investing activities		**17,316**	56,010
Net cash flows used in investing activities		**(1,386,694)**	(16,134,475)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceed from issue of rights shares	13	**–**	2,581,666
Dividends paid	7	**(77,647)**	–
New bank borrowings		**5,632,292**	12,470,188
Repayment of bank borrowings		**(4,680,045)**	(1,927,901)
Other cash flows arising from financing activities		**–**	(74,160)
Net cash flows from financing activities		**874,600**	13,049,793
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,775,154)**	(2,938,225)
Cash and cash equivalents at beginning of period		**4,719,984**	7,510,847
Effect of foreign exchange rate changes, net		**(7,832)**	10,756
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**2,936,998**	4,583,378
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**2,936,998**	4,283,378
Non-pledged time deposits with original maturity of less than three months when acquired		**–**	300,000
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows		**2,936,998**	4,583,378

1. BASIS OF PREPARATION

C C Land Holdings Limited (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 Company and its subsidiaries (collectively referred to as the "Group") are described in note 3 to the condensed consolidated financial statements.

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 2017.

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, 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 to the condensed consolidated financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

The adoption of these HKFRSs has had no significant financial effect on the unaudited interim condensed consolidated financial statements, except for HKFRS 9 *Financial Instruments*.

HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied HKFRS 9 prospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39.

(a) Classification and measurement

Except for trade receivables, under HKFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss ("FVPL"), amortised cost, or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI criterion").

The new classification and measurement of the Group's debt financial assets are, as follows:

- *Debt instruments at amortised cost* for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's *trade receivables, other receivables, and loans receivable*.

- *Debt instruments at FVOCI*, with gains or losses recycled to profit or loss on derecognition. Financial assets in this category are the Group's unlisted debt instruments that meet the SPPI criterion and are held within a business model both to collect cash flows and to sell. Under HKAS 39, the Group's unlisted debt instruments were classified as available-for-sale ("AFS") investments.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(a) Classification and measurement *(continued)*

Other financial assets are classified and subsequently measured, as follows:

- *Equity instruments at FVOCI*, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. The Group classified certain of its listed equity instruments as financial assets at FVOCI. Financial assets at FVOCI are not subject to an impairment assessment under HKFRS 9. Under HKAS 39, certain of the Group's listed equity instruments were classified as AFS investments.

- *Financial assets at FVPL* comprise derivative instruments, listed equity instruments and unlisted fund investments which the Group had not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The assessment of the Group's business models was made as of the date of initial application, 1 January 2018, and then applied prospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under HKAS 39. Similar to the requirements of HKAS 39, HKFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the statement of profit or loss.

Under HKFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on their contractual terms and the Group's business model. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed from that required by HKAS 39.

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. The main effects resulting from the reclassification are as follows:

	Equity investments at fair value through profit or loss HK$'000	**AFS investments** HK$'000	**Financial assets at FVPL** HK$'000	**Financial assets at FVOCI** HK$'000
At 31 December 2017	310,874	2,687,399	–	–
Reclassify listed equity investments from equity investments at fair value through profit or loss to financial assets at FVPL	(310,874)	–	310,874	–
Reclassify listed equity investments from AFS investments to financial assets at FVOCI	–	(756,370)	–	756,370
Reclassify unlisted fund investments from AFS investments to financial assets at FVPL	–	(1,729,240)	1,729,240	–
Reclassify unlisted debt investments from AFS investments to financial assets at FVOCI	–	(201,789)	–	201,789
At 1 January 2018	–	–	2,040,114	958,159

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(a) Classification and measurement *(continued)*

The impact of the above changes on the Group's equity is as follows:

	AFS investment revaluation reserve HK$'000	**Fair value reserve (non-recycling)** HK$'000	**Fair value reserve (recycling)** HK$'000	**Retained earnings** HK$'000
At 31 December 2017	598,674	–	–	3,618,189
Reclassify listed equity investments from AFS investments to financial assets at FVOCI	(419,557)	419,557	–	–
Reclassify unlisted fund investments from AFS investments to financial assets at FVPL	(169,143)	–	–	169,143
Reclassify unlisted debt investments from AFS investments to financial assets at FVOCI	(9,974)	–	9,974	–
Reclassify the impairment loss provided in prior years from retained earnings to fair value reserve (non-recycling) in respect of financial assets at FVOCI	–	(152,420)	–	152,420
At 1 January 2018	–	267,137	9,974	3,939,752

(b) Impairment

The adoption of HKFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

HKFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For Trade receivables, other receivables and loan receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets (i.e., loans and debt securities at FVOCI), the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Based on past experience, the directors of the Company are of the opinion that the adoption of the ECL requirements of HKFRS 9 had no significant impact on the Group's financial statements as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

(c) Hedge accounting

The Group applied hedge accounting prospectively. At the date of the initial application, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. Consistent with prior period, the Group has continued to designate the change in fair value of the forward contract and the changes in carrying amount of the foreign currency-denominated bank borrowings in the Group's net investment hedge relationships and, as such, the adoption of the hedge accounting requirements of HKFRS 9 had no significant impact on the Group's financial statements.

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 and head office and corporate income and expenses are excluded from such measurement.

Information regarding these reportable segments is presented below.

Reportable segment information

	For the six months ended 30 June (Unaudited)					
	Property development and investment		Treasury investment		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue						
Sales to external customers	**251,283**	113,941	**54,088**	(52,018)	**305,371**	61,923
Segment results	**304,288**	275,762	**(67,045)**	(139,834)	**237,243**	135,928
Corporate and unallocated expenses					**(27,597)**	(24,746)
Finance costs					**(132,560)**	(33,151)
Profit before tax					**77,086**	78,031

4. REVENUE, OTHER INCOME AND GAINS

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

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Revenue		
Sale of properties	–	19,700
Gross rental income	**251,283**	94,241
Losses on disposal of equity investments at fair value through profit or loss, net	–	(78,754)
Losses on disposal of financial assets at fair value through profit or loss, net	**(618)**	–
Dividend income from listed equity investments	**6,859**	8,121
Dividend income from unlisted fund investments	**8,595**	–
Interest income from debt investments	**8,614**	2,464
Interest income from loans receivable	**30,638**	16,151
	305,371	61,923
Other income and gains		
Bank interest income	**18,566**	5,934
Fair value gains on derivative financial instruments	**43,423**	42,981
Fair value gain on an investment property	**27,717**	–
Other interest income	–	24,838
Exchange gains, net	–	38,064
Gains on bargain purchase on acquisition of subsidiaries	–	102,147
Gain on disposal of a joint venture	–	84,720
Others	**885**	35
	90,591	298,719

5. PROFIT BEFORE TAX

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

	Six months ended 30 June 2018 (Unaudited) HK$'000	2017 (Unaudited) HK$'000
Cost of properties sold	–	15,356
Depreciation	**1,744**	1,417
Less: Amount capitalised	–	(25)
	1,744	1,392
Fair value losses on equity investments at fair value through profit or loss, net	–	18,456
Fair value losses on financial assets at fair value through profit or loss, net	**98,764**	–
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**57,653**	45,672
Pension scheme contributions	**2,693**	2,217
Less: Amount capitalised	–	(534)
	60,346	47,355

6. INCOME TAX

Hong Kong profits tax had been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the periods ended 30 June 2018 and 30 June 2017. 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 2018 (Unaudited) HK$'000	2017 (Unaudited) HK$'000
Current charge for the period		
Hong Kong	**3,057**	3,049
Mainland China	**709**	603
United Kingdom	**4,957**	17,569
Underprovision in prior periods		
Mainland China	**22**	149
Deferred tax	–	(3,218)
Total tax charge for the period	**8,745**	18,152

7. DIVIDENDS

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.

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

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.

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted earnings per share for 30 June 2017 has been adjusted to reflect the impact of the Rights Issue (as defined in note 13 to the condensed consolidated financial statements) completed on 28 April 2017.

No adjustment has been made to the basic earnings per share presented for the six months ended 30 June 2018 and 2017 in respect of a dilution as the share options outstanding had no dilutive effect on the basic earnings per share presented.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(continued)*

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

	Six months ended 30 June	
	2018	2017
	(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	**68,341**	59,879

	Number of shares Six months ended 30 June	
	2018	2017
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**	3,044,246,982

9. ADDITIONS TO PROPERTY AND EQUIPMENT/ PROPERTIES UNDER DEVELOPMENT/INVESTMENT PROPERTIES

During the six months ended 30 June 2018, the Group incurred HK$979,000 (six months ended 30 June 2017: HK$353,000) on the additions of items of property and equipment.

During the six months ended 30 June 2017, the Group incurred HK$7,211,000 on the additions of properties under development.

During the six months ended 30 June 2017, the Group acquired two investment properties through two business combinations. Please refer to notes 14(a) and (b) to the condensed consolidated financial statements for details.

10. TRADE RECEIVABLES

	30 June 2018	31 December 2017
	(Unaudited)	(Audited)
	HK$'000	HK$'000
Trade receivables	**1,935**	5,308

The trade receivables primarily include rental receivables which are normally due on the first day of the billing period. 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 2018	31 December 2017
	(Unaudited)	(Audited)
	HK$'000	HK$'000
Within 1 month	**1,935**	4,230
3 to 6 months	**–**	1,078
	1,935	5,308

An ageing analysis of the trade receivables that are not considered to be impaired is as follows:

	30 June 2018	31 December 2017
	(Unaudited)	(Audited)
	HK$'000	HK$'000
Neither past due nor impaired	**937**	2,192
Less than 1 month past due	**998**	2,038
3 to 6 months past due	**–**	1,078
	1,935	5,308

10. TRADE RECEIVABLES *(continued)*

Receivables that were neither past due nor impaired related to a customer for whom there was no recent history of default.

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

11. LOANS AND INTEREST RECEIVABLES

	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
Secured	**50,000**	130,452
Unsecured	**1,354,548**	–
	1,404,548	130,452

Note:

These loans receivable are stated at amortised cost at effective interest rates ranging from 4% to 15% per annum. The credit terms of these loans receivable range from 1 month to 12 months. As these loans receivable relate to a number of different borrowers, the directors are of the opinion that there is no concentration of credit risk over these loans receivable. The carrying amounts of these loans receivable approximate to their fair values.

At 30 June 2018 and 31 December 2017, all the loans and interest receivables are not past due, and not individually nor collectively considered to be impaired, and relate to a number of independent loan borrowers for whom there was no recent history of default.

12. INTEREST-BEARING BANK BORROWINGS

	30 June 2018 (Unaudited)			31 December 2017 (Audited)		
	Contractual interest rate	**Maturity**	**HK$'000**	Contractual interest rate	Maturity	HK$'000
Current						
Bank loans – secured	**LIBOR+0.45% to LIBOR+1.35%/ HIBOR+0.45%**	**On demand/ 2018-2019**	**5,270,706**	LIBOR+0.45% to LIBOR+0.5%	On demand	5,287,788
Bank loan – unsecured	**HIBOR+1.5%**	**On demand**	**1,000,000**	N/A	N/A	–
Long term bank loans repayable on demand						
– secured	**HIBOR+1%**	**On demand**	**35,000**	HIBOR+1%	On demand	35,000
– unsecured	**N/A**	**N/A**	**–**	LIBOR+1.35%	On demand	1,841,790
			6,305,706			7,164,578
Non-current						
Bank loans – secured	**LIBOR+1.35% to LIBOR+1.5%**	**2022**	**8,005,979**	LIBOR+1.5%	2022	6,470,533
			14,311,685			13,635,111
Analysed into:						
Bank loans repayable:						
On demand (Note a)			**6,305,706**			7,164,578
In the second year			**70,481**			–
In the third to fifth years, inclusive			**7,935,498**			6,470,533
			14,311,685			13,635,111

12. INTEREST-BEARING BANK BORROWINGS *(continued)*

Notes:

(a) The Group's term loans with an aggregate amount of HK$6,305,706,000 (31 December 2017: HK$7,164,578,000) containing an on-demand clause have been classified as current liabilities and analysed into bank loans repayable on demand in the above analysis.

At the end of the reporting period, the maturity profile of interest-bearing bank borrowings based on the scheduled repayment dates set out in the loan agreements is as follows:

	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
Bank borrowings repayable:		
Within one year	**6,270,706**	5,360,723
In the second year	**77,481**	73,547
In the third to fifth years, inclusive	**7,963,498**	8,200,841
	14,311,685	13,635,111

(b) Certain of the Group's bank borrowings are secured by certain of the Group's assets with aggregate carrying amounts as listed below:

	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
Property and equipment	**81,277**	82,027
Investment properties	**14,866,771**	12,089,375
Pledged deposits	**5,200,225**	5,072,750

(c) As at 30 June 2018 and 31 December 2017, all bank borrowings bear interest at floating interest rate.

(d) The carrying amounts of the Group's bank borrowings which are denominated in the following currencies are as follows:

	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
HK$	**1,535,000**	35,000
GBP	**12,776,685**	13,600,111
	14,311,685	13,635,111

13. SHARE CAPITAL

	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
Authorised: 5,000,000,000 (31 December 2017: 5,000,000,000) ordinary shares of HK$0.10 (31 December 2017: HK$0.10) each	**500,000**	500,000
Issued and fully paid: 3,882,334,668 (31 December 2017: 3,882,334,668) ordinary shares of HK$0.10 (31 December 2017: HK$0.10) each	**388,233**	388,233

A summary of the transactions in the Company's issued share capital is as follows:

	Number of shares in issue	**Issued capital** HK$'000	**Share premium** HK$'000	**Total** HK$'000
At 1 January 2017	2,588,223,112	258,822	9,524,823	9,783,645
Issue of rights shares (Note)	1,294,111,556	129,411	2,458,812	2,588,223
Share issue expenses	–	–	(6,557)	(6,557)
At 31 December 2017, 1 January 2018 and 30 June 2018	3,882,334,668	388,233	11,977,078	12,365,311

13. SHARE CAPITAL *(continued)*

Note:

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

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

14. BUSINESS COMBINATIONS

For the six months ended 30 June 2017

(a) On 27 January 2017, the Group acquired the entire 100% equity interest in KS Leasehold S.à r.l. ("KS Leasehold") and the 100% issued units in Paddington Central III Unit Trust ("Unit Trust"), which are engaged in property investment in the United Kingdom. The total consideration of GBP290,028,000 (equivalent to HK$2,832,268,000) (the "Cash Consideration") for the acquisitions was in the form of cash and was paid on 27 January 2017.

Pursuant to the relevant sale and purchase agreements, the Cash Consideration was adjusted to GBP290,162,000 (equivalent to HK$2,833,566,000) based on the net assets value of KS Leasehold and Unit Trust as at 27 January 2017 (the date of completion).

The provisional fair values of the identifiable assets and liabilities of KS Leasehold and Unit Trust as at the date of acquisition were as follows:

	KS Leasehold HK$'000	**Unit Trust** HK$'000	**Total** HK$'000
Investment property	1,397,443	1,454,083	2,851,526
Prepayments, deposits and other receivables	10,247	2,378	12,625
Cash and cash equivalents	860	–	860
Other payables and accruals	(16,904)	(12,460)	(29,364)
Tax payables	(1,698)	–	(1,698)
Total identifiable net assets at fair value	1,389,948	1,444,001	2,833,949
Gain on bargain purchase recognised in other income and gains in the consolidated statement of profit or loss	52	(435)	(383)
Satisfied by cash	1,390,000	1,443,566	2,833,566

The Group incurred transaction costs of HK$15,918,000 for this acquisition. These transaction costs have been expensed off and are included in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisition of KS Leasehold and Unit Trust is as follows:

	KS Leasehold HK$'000	**Unit Trust** HK$'000	**Total** HK$'000
Cash consideration	1,390,000	1,443,566	2,833,566
Cash and cash equivalents acquired	(860)	–	(860)
Net outflow of cash and cash equivalents included in cash flows from investing activities	1,389,140	1,443,566	2,832,706
Transaction costs of the acquisition included in cash flows from operating activities	7,959	7,959	15,918
	1,397,099	1,451,525	2,848,624

Since the acquisition, the KS Leasehold and the Unit Trust contributed HK$61,492,000 to the Group's revenue and HK$46,571,000 to the consolidated profit for the six months ended 30 June 2017.

Had the combination taken place at the beginning of the period, the revenue of the Group and the profit of the Group for the period would have been HK$72,627,000 and HK$70,063,000, respectively.

14. BUSINESS COMBINATIONS *(continued)*

For the six months ended 30 June 2017 *(continued)*

(b) On 1 March 2017, the Group entered into an acquisition agreement (the "Acquisition Agreement") with two independent parties to acquire the 100% equity interests in Leadenhall Holding Co (Jersey) Ltd ("Leadenhall Holding") and its subsidiary, Leadenhall Property Co (Jersey) Ltd ("Leadenhall Property") (collectively the "Leadenhall Group"), together with the related shareholders' loans, for an aggregate consideration of GBP1,135,004,000 (equivalent to HK$11,009,539,000). Leadenhall Holding is an investment holding company and Leadenhall Property is principally engaged in property investment and is the beneficial owner of a commercial property located at 122 Leadenhall Street, London EC3V 4PE.

Pursuant to the Acquisition Agreement, the aggregate consideration will be subsequently adjusted based on the final completion accounts of Leadenhall Group as at 25 May 2017, the date of completion (the "Final Completion Accounts"). As at the date of this report, the Final Completion Accounts are subject to finalisation and agreement by both the Group and the vendors. Based on the draft Final Completion Accounts, the consideration was adjusted to GBP1,137,793,000 (equivalent to HK$11,369,923,000).

The provisional fair values of the identifiable assets and liabilities of Leadenhall Group as at the date of acquisition were as follows:

	HK$'000
Investment property	11,491,950
Prepayment, deposits and other receivables	1,528
Cash and cash equivalents	10,174
Other payables	(27,047)
Tax payables	(4,918)
Total identifiable net assets at fair value	11,471,687
Gain on bargain purchase recognised in other income and gains in the consolidated statement of profit or loss	(101,764)
Satisfied by cash	11,369,923

The Group incurred transaction costs of HK$33,644,000 for this acquisition. These transaction costs have been expensed off and are included in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisition of the Leadenhall Group is as follows:

	HK$'000
Cash consideration	11,369,923
Cash and cash equivalent acquired	(10,174)
Net outflow of cash and cash equivalents included in cash flows from investing activities	11,359,749
Transaction costs of the acquisition included in cash flows from operating activities	33,644
	11,393,393

Since the acquisition, the Leadenhall Group contributed HK$32,748,000 to the Group's revenue and HK$26,514,000 to the consolidated profit for the six months ended 30 June 2017.

Had the combination taken place at the beginning of the period, the revenue of the Group and the profit of the Group for the period would have been HK$190,719,000 and HK$141,228,000, respectively.

15. DISPOSAL OF A SUBSIDIARY

For the six months ended 30 June 2017

On 21 February 2017, the Group entered into a sale and purchase agreement to dispose of its entire 100% equity interest in Good Wave International Limited ("Good Wave", together with its subsidiaries, the "Good Wave Group"), a wholly-owned subsidiary of the Group as at 31 December 2016, to an independent third party for a total consideration of RMB186,000,000 (equivalent to HK$208,500,000). The disposal of Good Wave Group was completed on 10 March 2017.

Details of the net assets of the Good Wave Group disposed of and their financial impacts are summarised below:

	HK$'000
Net assets disposed of:	
Property and equipment	1,436
Property under development	258,290
Completed properties held for sale	297,177
Prepayments, deposits and other receivables	15,577
Tax recoverable	22,635
Restricted bank balances	54,854
Cash and cash equivalents	66,525
Trade payables	(113,102)
Other payables and accruals	(231,022)
Other borrowing	(112,208)
Tax payable	(28,782)
Deferred tax liabilities	(20,752)
	210,628
Exchange fluctuation reserve released upon disposal	1,748
Loss on disposal of a subsidiary	(3,876)
Satisfied by cash	208,500

An analysis of the net outflow of cash and cash equivalents for the period in respect of the disposal of Good Wave Group is as follows:

	HK$'000
Cash consideration	208,500
Consideration receivables	(160,299)
Cash and cash equivalents disposed of	(66,525)
Net outflow of cash and cash equivalents in respect of disposal of the Good Wave Group	(18,324)

16. COMMITMENTS

The Group had the following commitments at the end of the reporting period:

	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
Contracted, but not provided for investment in privately-offered fund	**293,870**	296,965

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above is as follows:

	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
Contracted, but not provided for property development expenditure	**227,522**	–

17. SHARE-BASED PAYMENTS

The following share options were outstanding during the period:

Date of grant of share options*	Number of share options: At 1 January 2018	Granted during the period	Exercise during the period	Cancelled during the period	Lapsed during the period	Adjusted during the period	At 30 June 2018	Exercise period of share options (dd-mm-yyyy)	Adjusted exercise price of share options# HK$ per share
07-05-2009	17,755,500	–	–	–	–	–	17,755,500	07-05-2009 to 06-05-2019	3.2229
03-09-2010	41,536,709	–	–	–	–	–	41,536,709	03-09-2010 to 02-09-2020	3.2624
03-09-2010	4,870,080	–	–	–	–	–	4,870,080	01-01-2011 to 02-09-2020	3.2624
	64,162,289	–	–	–	–	–	64,162,289		

Notes:

* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

The numbers and exercise prices of the share options were adjusted immediately upon the completion of the Rights Issue.

No share option expense was recognised by the Group during the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

18. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had guarantees amounting to HK$256,563,000 given to the vendor in connection with the acquisition of a freehold land held by a joint venture (31 December 2017: HK$262,813,000).

19. PLEDGE OF ASSETS

Details of the Group's bank loans which are secured by the assets of the Group, are included in note 12 to the condensed consolidated financial statements.

20. RELATED PARTY TRANSACTIONS

(a) Outstanding balances with related parties:

	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
Loans to joint ventures	**707,142**	123,494
Due from associates	**199,712**	943
Due to a joint venture	**416,723**	455,137

(b) Compensation of key management personnel of the Group:

	Six months ended 30 June 2018 (Unaudited) HK$'000	2017 (Unaudited) HK$'000
Short term employee benefits	**19,505**	12,450
Post-employment benefits	**699**	608
Total compensation paid to key management personnel	**20,204**	13,058

21. FAIR VALUE MEASUREMENT

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted bank balances, time deposits with original maturity over three months, deposits with brokerage companies, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, loans and interest receivables, financial liabilities included in other payables and accruals and the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The financial controller reports directly to the directors and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the directors. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

21. FAIR VALUE MEASUREMENT *(continued)*

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of the non-current portion of interest-bearing bank borrowings has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings as at 30 June 2018 and 31 December 2017 was assessed to be insignificant. Management has assessed that the fair value of the non-current portion of interest-bearing bank borrowings approximate to its carrying amount.

The fair values of listed equity investments and unlisted debt investments are based on quoted market prices. For the rest of the unlisted investments measured at fair value, their fair values are derived from the net asset value per unit of the investments or latest transaction prices. The directors believe that the estimated fair values which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in statement of profit of loss or other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with AAA credit ratings. Derivative financial instruments, including forward currency contract and interest rate swaps, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contract and interest rate swaps are the same as their fair values.

As at 30 June 2018 and 31 December 2017, the marked to market value of the derivative asset position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2)** HK$'000	**Significant unobservable inputs (Level 3)** HK$'000	**Total** HK$'000
As at 30 June 2018 (Unaudited)				
Financial assets at fair value through other comprehensive income:				
Listed equity investments	**670,389**	**–**	**–**	**670,389**
Unlisted debt investments	**–**	**171,124**	**–**	**171,124**
Financial assets at fair value through profit or loss:				
Listed equity investments	**307,338**	**–**	**–**	**307,338**
Unlisted fund investments	**–**	**1,690,530**	**162,447**	**1,852,977**
Derivative financial instruments	**–**	**83,198**	**–**	**83,198**
	977,727	**1,944,852**	**162,447**	**3,085,026**
As at 31 December 2017 (Audited)				
Available-for-sale investments:				
Listed equity investments	756,370	–	–	756,370
Unlisted fund investments	–	1,565,084	164,157	1,729,241
Unlisted debt investments	–	201,788	–	201,788
Equity investments at fair value through profit or loss	310,874	–	–	310,874
Derivative financial instruments	–	44,739	–	44,739
	1,067,244	1,811,611	164,157	3,043,012

21. FAIR VALUE MEASUREMENT *(continued)*

Fair value hierarchy *(continued)*

Liabilities measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2)** HK$'000	**Significant unobservable inputs (Level 3)** HK$'000	**Total** HK$'000
As at 30 June 2018 (Unaudited)				
Derivative financial instruments	**43,309**	**–**	**–**	**43,309**
As at 31 December 2017 (Audited)				
Derivative financial instruments	86,915	–	–	86,915

During the six months ended 30 June 2018, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2017: Nil).

The fair value and carrying amount of the GBP denominated bank borrowings and forward currency contract as at 30 June 2018 that are designated as hedges of the Group's net investments in subsidiaries, a joint venture and an associate in United Kingdom were HK$4,700,225,000 (31 December 2017: HK$6,992,915,000) and HK$43,309,000 (31 December 2017: HK$86,915,000), respectively. A total foreign exchange gain of HK$45,391,000 (six months ended 30 June 2017: foreign exchange loss of HK$244,044,000) on translation of the bank borrowings to HK$ at the end of the reporting period and a fair value gain of HK$43,606,000 (six months ended 30 June 2017: fair value loss of HK$10,639,000) on forward currency contract were recognised in the Group's other comprehensive income for the period and accumulated in the exchange fluctuation reserve in equity. There was no ineffectiveness recorded from hedges of net investments for the period (six months ended 30 June 2017: Nil).

22. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited interim condensed consolidated financial statements were approved by the board of directors on 24 August 2018.