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## C C Land Holdings Limited

中渝置地控股有限公司

(Incorporated in Bermuda with limited liability)

Website: [www.ccland.com.hk](http://www.ccland.com.hk)

(Stock Code: 1224)

### ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board of directors (the “Board”) of C C Land Holdings Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2021 together with comparative figures for the previous year as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	2021 HK\$'000	2020 HK\$'000
REVENUE			
Interest income	4	87,113	106,403
Revenue from other sources	4	560,938	482,412
Total revenue		648,051	588,815
Cost of services provided		(20,672)	(3,431)
Gross profit		627,379	585,384
Other income and gains, net	4	324,424	781,819
Administrative expenses		(384,261)	(343,230)
Reversal of impairment losses/(impairment losses) on financial assets, net		(35,629)	957
Other expenses		(408,992)	(116,175)
Finance costs	5	(415,523)	(374,096)
Share of profits and losses of:			
Joint ventures		202,269	71,547
Associates		(2,720)	15,995
<b>PROFIT/(LOSS) BEFORE TAX</b>	6	<b>(93,053)</b>	622,201
Income tax credit/(expense)	7	583,132	(34,033)
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>		<b>490,079</b>	588,168
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	9		
Basic and diluted		<b>HK12.62 cents</b>	HK15.15 cents

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2021 HK\$'000	2020 HK\$'000
<b>PROFIT FOR THE YEAR</b>	<u>490,079</u>	<u>588,168</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	(113,124)	10,843
Reclassification adjustment for gains/losses included in the consolidated statement of profit or loss		
– impairment losses/(reversal of impairment losses), net	(10,688)	4,156
– loss/(gain) on redemption/disposal	<u>123,983</u>	<u>(3,875)</u>
	171	11,124
Exchange differences on translation of foreign operations	(59,840)	500,654
Share of other comprehensive income/(loss) of joint ventures	(14,819)	23,265
Share of other comprehensive income/(loss) of associates	<u>8,337</u>	<u>(13,163)</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>(66,151)</u>	<u>521,880</u>
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:</i>		
Equity investments at fair value through other comprehensive income:		
Changes in fair value	<u>(2,320,131)</u>	<u>1,875,484</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>(2,320,131)</u>	<u>1,875,484</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>	<u>(2,386,282)</u>	<u>2,397,364</u>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	<u><u>(1,896,203)</u></u>	<u><u>2,985,532</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2021 HK\$'000	2020 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property and equipment		177,527	249,204
Investment properties		15,239,280	15,327,772
Golf club membership		10,540	10,540
Investments in joint ventures		7,254,252	4,700,270
Investments in associates		1,420,141	517,938
Financial assets at fair value through other comprehensive income		-	2,842,090
Financial assets at fair value through profit or loss		-	1,850,497
Prepayments, deposits and other receivables		814,008	5,567
Deferred tax assets		8,766	986
Total non-current assets		24,924,514	25,504,864
<b>CURRENT ASSETS</b>			
Trade receivables	10	21,690	13,557
Loans and interest receivables	11	51,417	309,169
Prepayments, deposits and other receivables		586,955	1,230,374
Financial assets at fair value through other comprehensive income		-	955,430
Financial assets at fair value through profit or loss		1,351,248	375,023
Prepaid income tax		6,406	2,558
Pledged deposits		574,581	26,427
Restricted bank balances		88,202	194,475
Cash and cash equivalents		4,357,747	5,528,650
Total current assets		7,038,246	8,635,663
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		392,932	475,018
Derivative financial instruments		16,766	-
Interest-bearing bank and other borrowings		9,214,290	535,668
Tax payable		97,544	761,246
Total current liabilities		9,721,532	1,771,932
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>(2,683,286)</b>	<b>6,863,731</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>22,241,228</b>	<b>32,368,595</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings		1,488,680	9,936,900
Notes payable		2,308,613	1,928,892
Other payables		3,512	10,552
Derivative financial instruments		-	77,632
Deferred tax liabilities		-	346
Total non-current liabilities		3,800,805	11,954,322
Net assets		18,440,423	20,414,273
<b>EQUITY</b>			
Issued capital	12	388,233	388,233
Reserves		18,052,190	20,026,040
Total equity		18,440,423	20,414,273

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.

In preparing the consolidated financial statements, the directors of the Company have given due consideration to the future liquidity of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by HK\$2,683,286,000 as at 31 December 2021. The net current liability position was caused by reclassification of certain non-current liabilities to current due to the maturity dates of respective bank loans.

On 1 March 2022, the Group has refinanced a 5-year syndicated loan amounting to HK\$6,373,651,000 with an investment property pledged. In addition, the Group has unutilised banking facilities of HK\$1,020,000,000 as at 31 December 2021.

In the opinion of the directors of the Company, the liquidity of the Group is well managed with the refinancing of bank loans and sources of finance available. After taking into account the cash flow projection prepared by the management, the directors of the Company consider that the Group will have adequate funds available to enable it to operate as a going concern. Accordingly, the consolidated financial statements for the year ended 31 December 2021 have been prepared on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts and to provide for further liabilities which might arise. The consolidated financial statements do not include any adjustments that would result from the failure of the Group to continue in business as a going concern.

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

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

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

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

During the year, the interest rates of certain interest-bearing bank borrowings denominated in foreign currencies were changed from the London Interbank Offered Rate (“LIBOR”) to RFRs. The Group applied the above-mentioned practical expedient upon modification of these borrowings as the “economically equivalent” criterion was met. No significant modification gain or loss has arisen as a result of applying the amendments to these changes.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate (“HIBOR”) and British Pound Sterling (“GBP”) based on the LIBOR as at 31 December 2021. The Group also had interest rate swaps whereby the Group pays interest at fixed rates and receives interest at variable rates based on HIBOR and LIBOR on the notional amounts. The Group expects that HIBOR will continue to exist and the interest rate benchmark reform has not had an impact on the Group’s HIBOR-based borrowings and interest rate swaps. For other LIBOR-based borrowings and interest rate swaps, since the interest rates of these instruments were not replaced by RFRs during the year, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings and interest rate swaps are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the “economically equivalent” criterion is met.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The Group has early adopted the amendment on 1 January 2021. However, the Group has not received COVID-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

### 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 the reportable segments is presented below.

#### Reportable segment information

##### **Year ended 31 December 2021**

	<b>Property development and investment HK\$'000</b>	<b>Treasury investment HK\$'000</b>	<b>Total HK\$'000</b>
<b>Segment revenue</b> (note 4)			
Revenue from external customers	<u>512,044</u>	<u>136,007</u>	<u>648,051</u>
<b>Segment results</b>	<u>730,232</u>	<u>(342,033)</u>	<u>388,199</u>
Corporate and unallocated expenses			(65,729)
Finance costs			<u>(415,523)</u>
Loss before tax			<u>(93,053)</u>
<b>Other segment information:</b>			
Share of profits/(losses) of:			
Joint ventures	202,269	-	202,269
Associates	(2,720)	-	(2,720)
Capital expenditure in respect of items of property and equipment	450	-	450
Depreciation	60,806	-	60,806
Fair value gains on derivative financial instruments – transactions not qualifying as hedges	66,671	-	66,671
Fair value gains on investment properties, net	27,238	-	27,238
Fair value losses on financial assets at fair value through profit or loss, net	-	(179,786)	(179,786)
Reversal of impairment losses/(impairment losses) on financial assets, net	(53,642)	18,013	(35,629)
Investments in joint ventures	7,254,252	-	7,254,252
Investments in associates	<u>1,420,141</u>	<u>-</u>	<u>1,420,141</u>

Year ended 31 December 2020

	Property development and investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
<b>Segment revenue</b> (note 4)			
Revenue from external customers	480,990	107,825	588,815
<b>Segment results</b>	574,067	485,796	1,059,863
Corporate and unallocated expenses			(63,566)
Finance costs			(374,096)
Profit before tax			622,201
<b>Other segment information:</b>			
Share of profits of:			
Joint ventures	71,547	-	71,547
Associates	15,995	-	15,995
Capital expenditure in respect of items of property and equipment	1,147	-	1,147
Depreciation	57,744	-	57,744
Fair value losses on derivative financial instruments – transactions not qualifying as hedges	(76,738)	-	(76,738)
Fair value losses on investment properties, net	(39,437)	-	(39,437)
Fair value gains on financial assets at fair value through profit or loss, net	-	445,697	445,697
Reversal of impairment losses/(impairment losses) on financial assets, net	(503)	1,460	957
Investments in joint ventures	4,700,270	-	4,700,270
Investments in associates	517,938	-	517,938

Geographical information

(a) Revenue from external customers

	2021 HK\$'000	2020 HK\$'000
United Kingdom	512,044	480,990
Mainland China	5,125	1,290
Hong Kong	130,882	106,535
	<b>648,051</b>	<b>588,815</b>

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

(b) Non-current assets

	2021 HK\$'000	2020 HK\$'000
United Kingdom	22,250,644	19,705,504
Mainland China	37,150	70,815
Hong Kong	1,565,478	699,845
Australia	248,468	329,560
	<u>24,101,740</u>	<u>20,805,724</u>

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

Information about major customers

Revenue of HK\$101,648,000, HK\$85,380,000 and HK\$64,723,000 (2020: HK\$94,938,000, HK\$79,778,000 and HK\$62,744,000) were derived from three (2020: three) tenants in the property development and investment segment.

**4. REVENUE, OTHER INCOME AND GAINS, NET**

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

	2021 HK\$'000	2020 HK\$'000
<u>Revenue</u>		
<i>Interest income</i>		
Interest income from debt investments	68,961	74,239
Interest income from loans receivable	18,152	32,164
	<u>87,113</u>	<u>106,403</u>
<i>Revenue from other sources</i>		
Gross rental income from investment property operating leases:		
Variable lease payments that do not depend on an index or a rate	-	539
Other lease payments, including fixed payments	512,044	480,451
	<u>512,044</u>	<u>480,990</u>
Dividend income from listed equity investments	1,908	1,422
Dividend income from unlisted equity investments	46,986	-
	<u>560,938</u>	<u>482,412</u>
	<u>648,051</u>	<u>588,815</u>



	2021 HK\$'000	2020 HK\$'000
<u>Other income and gains, net</u>		
Bank interest income	9,215	47,574
Interest income from amounts due from associates	124,990	97,350
Fair value gains on financial assets at fair value through profit of loss, net	-	445,697
Fair value gains on investment properties, net	27,238	-
Fair value gains on derivative financial instruments – transactions not qualifying as hedges	66,671	-
Exchanges gains, net	29,086	187,229
Gain on redemption of debt investments at fair value through other comprehensive income	-	3,875
Gain on disposal of a subsidiary	60,925	-
Gain on disposal of a joint venture	6,184	-
Gain on disposal of items of property and equipment	-	48
Others	115	46
	<u>324,424</u>	<u>781,819</u>

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 HK\$'000	2020 HK\$'000
Interest on bank and other borrowings	271,875	243,643
Interest on notes payable	142,920	129,126
Interest on lease liabilities	728	1,327
	<u>415,523</u>	<u>374,096</u>

## 6. PROFIT/(LOSS) BEFORE TAX

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

	2021 HK\$'000	2020 HK\$'000
Depreciation of owned assets	39,845	36,437
Depreciation of right-of-use assets	20,961	21,307
	<u>60,806</u>	<u>57,744</u>
Lease payments not included in the measurement of lease liabilities	1,219	1,391
Auditor's remuneration	5,800	5,500
Employee benefit expense (including directors' remuneration):		
Wages and salaries	213,672	202,773
Pension scheme contributions	7,112	6,443
	<u>220,784</u>	<u>209,216</u>
Foreign exchange differences, net	(29,086)	(187,229)

Impairment losses/(reversal of impairment losses) on financial assets, net		
Debt investments at fair value through other comprehensive income	(10,688)	4,156
Loans and interest receivables	(7,031)	(5,911)
Prepayments, deposits and other receivables	53,348	798
	<u>35,629</u>	<u>(957)</u>
Gross rental income	(512,044)	(480,990)
Direct operating expenses arising from rental-earning investment properties	20,672	3,431
Net rental income	<u>(491,372)</u>	<u>(477,559)</u>

## 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, 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 (2020: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%). Corporation tax in the United Kingdom (“UK”) has been provided at a rate of 19% (2020: 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 PRC corporate income tax rate of 25% during the year, except for one subsidiary of the Group, which is operated in Tibet and is entitled to preferential income tax rate of 15%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. Overprovision in prior years was mainly caused by the expiry of the retrospective period for the tax provision in relation to the Group’s strategic disposal of the property projects in prior years.

	2021 HK\$’000	2020 HK\$’000
Current charge for the year		
Hong Kong	6,647	7,013
UK	13,778	18,876
Elsewhere	18,798	6,906
Overprovision in prior years	(614,777)	(106)
Deferred tax	(7,578)	1,344
	<u>(583,132)</u>	<u>34,033</u>
Total tax charge/(credit) for the year		

## 8. DIVIDENDS

	2021 HK\$’000	2020 HK\$’000
Proposed final: HK\$0.02 (2020: HK\$0.02) per ordinary share	<u>77,647</u>	<u>77,647</u>

The final dividend for the year ended 31 December 2021 proposed subsequent to the reporting period has not been recognised as a liability at the end of the reporting period and is subject to the approval of the Company’s shareholders at the forthcoming annual general meeting.

No interim dividend was declared in respect of the years ended 31 December 2021 and 2020.

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

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

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2021 and 2020 as the Group had no potentially dilutive ordinary shares in issue during the year.

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

	2021 HK\$'000	2020 HK\$'000
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<u>490,079</u>	<u>588,168</u>
	2021	2020
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	<u>3,882,334,668</u>	<u>3,882,334,668</u>

## 10. TRADE RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Trade receivables	<u>21,690</u>	<u>13,557</u>

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

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

	2021 HK\$'000	2020 HK\$'000
Within 1 month	-	5,092
1 to 3 months	7,476	1,084
3 to 6 months	6,780	3,561
6 to 12 months	5,484	3,820
Over 12 months	1,950	-
	<u>21,690</u>	<u>13,557</u>

The Group's tenants normally settle their bills in a timely manner and more than 90% of 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 losses of these rental receivables are minimal.

## 11. LOANS AND INTEREST RECEIVABLES

	Notes	2021 HK\$'000	2020 HK\$'000
Loans receivable - unsecured	(i)	49,020	310,815
Interest receivable		3,449	6,455
		<u>52,469</u>	<u>317,270</u>
Less: Impairment allowance	(ii)	(1,052)	(8,101)
		<u>51,417</u>	<u>309,169</u>

As at 31 December 2021, the loan receivable relates to a borrower.

As at 31 December 2020, the loans receivable relate to a number of different borrowers, the directors of the Company are of the opinion that there is no significant concentration of credit risk over these loans receivable.

The carrying amounts of these loans receivable approximate to their fair values.

Notes:

- (i) The loan receivable were stated at amortised cost with fixed interest rate. The credit term of the loan receivable was 1 year (2020: 3 months to 1 year).
- (ii) The movements in the loss allowance for the impairment of loans and interest receivables are as follows:

	2021 HK\$'000	2020 HK\$'000
At 1 January	8,101	14,012
Impairment losses/(reversal of impairment losses), net		
Loans repaid/derecognised	(8,083)	(14,012)
New loans granted	1,052	8,101
	<u>(7,031)</u>	<u>(5,911)</u>
Exchange realignment	(18)	-
At 31 December	<u>1,052</u>	<u>8,101</u>

As at 31 December 2021, loans and interest receivables of HK\$52,469,000 (2020: HK\$317,270,000), before impairment allowance, were within its credit period and all these balances were categorised within Stage 1 for the measurement of expected credit losses.

An impairment analysis is performed at each reporting date by considering the expected credit losses, which are estimated by applying the probability of default approach with reference to the risks of default of the borrowers or comparable companies. As at 31 December 2021, the probability of default applied was 3.58% (2020: ranged from 1.98% to 5.29%) and the loss given default was estimated to be approximately 62% (2020: 62%).

## 12. SHARE CAPITAL

	2021 HK\$'000	2020 HK\$'000
Authorised: 20,000,000,000 (2020: 20,000,000,000) ordinary shares of HK\$0.10 (2020: HK\$0.10) each	<u>2,000,000</u>	<u>2,000,000</u>
Issued and fully paid: 3,882,334,668 (2020: 3,882,334,668) ordinary shares of HK\$0.10 (2020: HK\$0.10) each	<u>388,233</u>	<u>388,233</u>

## RESULTS

The Group achieved a consolidated revenue of HK\$648.1 million, representing an increase of approximately 10.1% compared to HK\$588.8 million in 2020. The Group's net profit for the year was HK\$490.1 million (2020: HK\$588.2 million). The profit attributable to shareholders for the year was HK\$490.1 million (2020: HK\$588.2 million). The basic earnings per share for the year was HK12.62 cents (2020: HK15.15 cents).

## FINAL DIVIDEND

The directors are pleased to recommend a final dividend of HK\$0.02 (2020: HK\$0.02) per ordinary share to shareholders who are registered on the Register of Members of the Company at the close of business on 27 May 2022. Subject to approval at the Company's forthcoming annual general meeting ("AGM"), dividend warrant will be sent to shareholders on or about 6 June 2022.

## CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on Thursday, 19 May 2022. A notice of the AGM will be published and dispatched to the shareholders in due course.

The Register of Members of the Company will be closed from Monday, 16 May 2022 to Thursday, 19 May 2022, both days inclusive, for determining the eligibility of shareholders for attending and voting at the AGM. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates should be lodged for registration with Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m., Friday, 13 May 2022.

The Register of Members of the Company will also be closed from Wednesday, 25 May 2022 to Friday, 27 May 2022, both days inclusive, for determining the eligibility of shareholders for the proposed final dividend. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates should be lodged for registration with Tricor Secretaries Limited of above address no later than 4:30 p.m., Tuesday, 24 May 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Revenue and Operating Profit

Operating revenue for the year ended 31 December 2021 rose by 10.1% to HK\$648.1 million, which was mainly driven by the appreciation of the GBP against the HK\$ by approximately 7% during the year. Rental income amounted to HK\$512.0 million, representing 79.0% (2020: 81.7%) of the total revenue.

The rental collection throughout the year remained very strong. The Group's average rental collection rate for the year was 97% (2020: 97%). The shortfall was related to several tenants' ongoing negotiation through the rent deferral support programmes.

The Group's investment property portfolio is well positioned to withstand the disruption caused by the COVID-19 pandemic. However, there is still a certain degree of uncertainty surrounding the portfolio's year end valuation. The property portfolio valuation fell slightly by GBP3.65 million (HK\$38.4 million) or 0.3%. This was related to One Kingdom Street, due to its relatively shorter weighted average of unexpired lease terms in the property. However, One Kingdom Street is fully-let with an annual rental yield of 5.3%. The Leadenhall Building has performed well with its valuation increasing slightly by GBP3.0 million (HK\$31.6 million) and is generating good rental growth.

The treasury investment segment recorded realized losses of HK\$229.2 million (2020: realized profits of HK\$3.9 million) and fair value losses of HK\$179.8 million (2020: fair value gains of HK\$445.7 million) from its investment portfolio covering equity shares, debt instruments and fund investments during the year.

Other income and gains for the year were HK\$324.4 million (2020: HK\$781.8 million), due largely to interest received from the loan contributions to fund development expenditure of associated companies, fair value gain on interest rate swap contracts associated with financing activities, and the gain on disposal of subsidiaries. Other expenses were HK\$409.0 million (2020: HK\$116.2 million), including HK\$229.2 million realized losses and HK\$179.8 million fair value losses separately disclosed under the treasury investment segment category above.

The Group's share of joint venture profit was HK\$202.3 million (2020: HK\$71.5 million), predominantly due to higher profits from the Whiteleys Project associated with the increase in investment amount.

The Group's full year net profit decreased by 16.7% to HK\$490.1 million (2020: HK\$588.2 million) mainly due to total realized losses and unrealized fair value losses on investment portfolio of HK\$409.0 million (2020: total gains of HK\$449.6 million), and partially offset by the reversal of tax provision of HK\$599.6 million in relation to the Group's strategic disposal of the property projects in prior years.

## **Investment Properties**

As at 31 December 2021, the Group owns two high-quality commercial properties in the United Kingdom and one project in Australia through its subsidiaries and a joint venture respectively for rental income purpose. In terms of area, the United Kingdom assets accounted for 74% of the portfolio while 26% was contributed by the joint venture in Melbourne.

### **United Kingdom**

The Group's two commercial buildings, namely The Leadenhall Building and One Kingdom Street, are located in Central London, the prime financial and insurance districts in the United Kingdom. These two buildings are the Group's core rental assets and continue to contribute a strong and stable revenue income. Both buildings, with an approximate total leasable area of 875,000 square feet ("sqf"), were almost fully leased as at 31 December 2021.

During the year, the Group generated a rental income of HK\$512.0 million (2020: HK\$481.0 million) from its investment properties in the United Kingdom. Despite the uncertainty related to disruptions to businesses as a result of the pandemic, the Group's rent collection during the pandemic has been strong with 97% of rent collected for the year 2021 (2020: 97%). This performance reflects the quality of and the Group's strong relationship with the occupiers of its investment properties. Rent reviews in the year were settled for The Leadenhall Building and One Kingdom Street concerning a total of 119,000 sqf at an average of 2.6% and 4.9% above passing rent respectively.

The Group's asset management actions have continued to increase the resilience of its property portfolio by further improving income diversification through a diverse occupier base by types of business.

### ***The Leadenhall Building***

The Leadenhall Building, a skyscraper with a height of 225 metres (738 feet), is one of the iconic buildings in the Central London district. The building's distinctive wedge-shaped architectural design has created a number of specific spaces to cater to the different needs of the tenants' businesses. The combination of modern offices and food experiences in the neighborhood enables tenants' businesses to enjoy stable growth and fulfill the desire of talented people to work there. This 46-storeyed office building is the trophy asset of the Group and will be held by the Group as an investment property for long term capital growth. It comprises approximately 610,000 sqf of office and retail space, and is almost fully multi-let with a weighted average unexpired lease term of approximately 9.1 years with over 7.2 years on a term-certain basis. The building's tenant base includes a number of renowned international insurance companies alongside other financial institutions, technology, and professional service businesses. The current annual rental income of The Leadenhall Building is in the region of GBP39.8 million (2020: GBP39.7 million). As at 31 December 2021, 96% of the office space was leased. The rental yield is approximately 3.5% per annum.

As the pandemic continued during the year, the events team curated a series of virtual webinars and group exercise classes. The regular newsletters were updated to include advice regarding working from home and how to best adapt to cope with the ongoing restrictions and changes in working environment. These initiatives were well received by occupiers.

### ***One Kingdom Street***

Just 15 minutes 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 itself features elegant glazed exteriors and a high quality functional entrance hall, while above, 265,000 sqf of superior office space is spread over nine floors. From the ingenious architectural design, a huge amount of natural light is receivable in every office to create a productive and enjoyable working environment.

One Kingdom Street offers approximately 265,000 sqf of Grade A office accommodation and some parking spaces, with a current annual rental income of approximately GBP15.4 million (2020: GBP15.0 million), equivalent to an annual yield of 5.3%. The building is fully leased to reputable major tenants.

The Group strives to provide its tenants with a safe, secure and comfortable office environment. It takes a hands-on approach to managing its properties, stressing open and frequent communications to ensure tenant needs are met speedily and effectively. Numerous initiatives, such as newsletters, special events and other initiatives, are aimed at building a community within the property.

All live events were suspended while the nationwide lockdown continued. Various community / occupier engagement events were carried out online, including a Spanish for Business course which proved extremely popular amongst occupiers.

### **Australia**

In addition, the Group has expanded its asset base to Melbourne, Australia. Looking ahead, the presence in the Australian market further diversifies the Group's businesses and provides the opportunity for additional growth going forward.

### ***85 Spring Street, Melbourne***

The building is positioned within Melbourne's commercial and business centre where thriving cultural scenes, theatre and art facilities and shopping destinations are located within walking distance. The property has a site area of 13,358 sqf and is planned to develop into a Grade A commercial building with a lettable area of approximately 307,000 sqf. The building benefits from dual street frontages, with direct access to the Parliament Train Station. The acquisition cost amounted to AUD112 million in which the Group has a 41.9% effective interest.

## **Joint Ventures**

As at 31 December 2021, the Group has seven property projects operating through joint ventures, two projects with over 1.1 million sqf of attributable development space in London, two projects with approximately 0.4 million sqf in Hong Kong and three projects with approximately 9.4 million sqf in the PRC.

The Group's total investments in joint venture projects increased to HK\$8.7 billion as at 31 December 2021, up from HK\$5.2 billion as at 31 December 2020. The increase was largely due to the contributions to fund ongoing development expenditures, in particular for the development of Nine Elms Square and the Whiteleys Projects, and commitments made in new joint ventures in the year. Steady progress has been made with the two development projects in the UK.

### **London**

The Group's presence in London's development business through its ownership interests in Nine Elms Square and Whiteleys projects continues to drive value for its shareholders. Amidst the pandemic impact and travel restrictions, the Group considers the sales performance of these projects satisfactory. As at 31 December 2021, a total of 109 residential units for over GBP186 million in the Nine Elms Square project was pre-sold. Through 2021, the Group earned a total of GBP22.0 million in the Whiteleys project. The Whiteleys project pre-sold 23 residential properties, totalling approximately 34,800 sqf for an aggregate sales price of GBP113.1 million at the year end.

#### ***Nine Elms Square***

Just south of the River Thames, the 10-acre former New Covent Garden Flower Market site is now being redeveloped as Nine Elms Square, a mixed-use development featuring 12 residential buildings, ranging in height from 4 to 53 storeys, and a park that will run from the Vauxhall Bridge to the Battersea Power Station. When fully completed, Nine Elms Square comprises 1,500 luxury residential units with a total saleable area of approximately 1.7 million sqf, including three primary towers which rise up to 53 storeys above basement, providing exceptional panoramic views over London, extending from the Thames and the London Eye to the new American Embassy. Other facilities include a luxurious grand club house, landscaped gardens, restaurants, retail outlets and commercial spaces.

Construction progressed well in the year although the recent lockdown associated with the COVID-19 pandemic had required social distancing on site and slightly delayed construction. The development will be completed in phases over the coming years. Based on current working timetable, the Group anticipates Phase I of the project to be completed from the middle of 2022 to 2023. Phase I comprises 3 residential towers delivering approximately 680,000 sqf.

Presales of Phase I was started in 2020 with satisfactory response. With the successful vaccine rollout and availability of low mortgage rates, buyer demand was above average and is likely to continue into 2022. Suspension of international travel has shut out overseas buyers. As Britain reopens, this segment of the market may rise.

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

#### ***Whiteleys Shopping Centre***

In 2019, the Group committed to invest GBP182 million to redevelop the Whiteleys Shopping Centre which was first constructed in 1908. The building forms an important part of the wider regeneration of Queensway which is being transformed into a more pedestrian friendly passage district. The Whiteleys redevelopment project is a mixed-use scheme which secured planning permission in 2016. Under the redevelopment plans, the finished project, with about 580,000 sqf, will deliver 139 luxury residential apartments, a luxury hotel, a cinema, retail, and restaurant spaces. Completion of the redevelopment is expected around 2023, restoring Whiteleys to its prestigious position at the heart of Bayswater. As at 31 December 2021, the Group has fully paid its committed investment of GBP182 million for the development.



At Whiteleys, construction on site have been constrained during the lockdown period. However, the majority of the site works has remained on schedule. The excavation works was completed in the year. The momentum on site is being maintained with progress being made on the superstructure up to level 9 on the Central Blocks and level 7 on the Hotel. The marketing suite was opened after the Easter break, displaying the show apartment and associated technology. The formal sales launch took place in November 2021.

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-storeyed Grade A office building 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 the Kai Tak and Kwun Tong Promenade, the property is situated close to both the Kowloon Bay and Ngau Tau Kok MTR stations, rendering it accessible and connected to different parts of Hong Kong. With its unique location and iconic 136.5 metre height, Harbourside HQ commands a panoramic harbour view from the Lei Yue Mun Straits to Victoria Harbour. The building is 70% leased out as at 31 December 2021. The nearby retail and commercial structures offer amenities in shopping, dining and entertainment. The cost of acquisition was HK\$7.5 billion in which the Group has a 25% interest. Refurbishment and upgrading to the entrance hall and common areas, as well as improvement to the external curtain walls are substantially completed and will attract an upscale tenant profile.

### ***Kowloon Bay International Trade and Exhibition Centre (“KITEC”)***

During the year, the Group entered into an agreement to participate in a 15% effective interest in a joint venture holding 100% ownership interest of KITEC at an acquisition cost of about HK\$10.48 billion. The project with a total gross floor area of about 1.8 million sqf will be positioned for commercial developments. The investment is in line with the view that the new supply and demand of commercial spaces over the next few years will be in Kowloon East as the area develops into Hong Kong’s second CBD hub.

## **The PRC**

### ***Development Projects***

#### ***Chongqing Bishan Project (重慶璧山項目)***

This project is located in the Bishan District (璧山區) of Chongqing, situated on the main line of Daishan Avenue (黛山大道). Transportation facilities include high-speed railway, highways and an elevated monorail train which was constructed and was successfully launched in May 2020. The project development will comprise 7.0 million sqf of commercial, retail and residential spaces. Presales was commenced in 2020 and completion is expected in September 2022. The Group has a participation interest of 33.33% in this project.

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

The Group entered into an agreement to participate in a 29.4% interest in a joint venture of a development project in Yancheng, 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 1.45 million sqf of residential and commercial saleable area. The project is located at the intersection of Yanzen 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 and presales commenced in September this year. Completion of the project is due at the end of 2023.

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

The Group entered into an agreement during the year to take up 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 developments, providing a total GFA of about 19.6 million sqf. The project is located on the west bank of the Guangdong-Hong Kong-Macao Greater Bay Area, at the centre of the Taishan (台山) coastal resort area.

## Treasury Investment Business

The treasury investment segment recorded a loss of HK\$349.6 million (2020: gain of HK\$477.6 million). The dividends and interests earned from investments and loans receivable amounted to HK\$136.0 million (2020: HK\$107.8 million). The fair value losses and realized losses from its investment portfolio amounted to HK\$179.8 million and HK\$229.2 million respectively (2020: fair value gain of HK\$445.7 million and realized gain of HK\$3.9 million).

## OUTLOOK

The Group is well positioned to withstand the impacts from the pandemic crisis and is able to look to the future with confidence.

In respect of the implications for the Group's business, it may be related to the sustainability of the economic recovery from the pandemic, resulting in reduced demand for office space with the consequences of falling rentals and asset values. At the same time, the strength of the market still has significant momentum. The effectiveness of the vaccination programme and the eventual return to the office will strengthen demand for office space.

The Group's reasonable financial leverage is both defensive and provides capacity for growth. Its investment property portfolio is almost fully let while the Group's development pipeline has good upside potential as soon as the market resumes normality.

The Group continues to evaluate opportunities to expand and diversify its property portfolio. While the Group's strategy has largely been focused on the London market, the Group continues to consider select opportunities in other geographic markets to maximize the returns to its shareholders.

## FINANCIAL REVIEW

### 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 risk 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, unlisted investment funds and debt instruments. As at 31 December 2021, the portfolio of investments comprised of listed equity securities and unlisted investment funds with an aggregate carrying value of HK\$1,351.2 million (31 December 2020: HK\$6,023.0 million) which is listed in the table below:

	31 December 2021 HK\$' million	31 December 2020 HK\$' million
<b>Financial assets at fair value through profit or loss</b>		
Listed equity securities	274.7	284.4
Unlisted investment funds	1,076.5	1,850.5
Debt instruments	-	90.6
	<u>1,351.2</u>	<u>2,225.5</u>
<b>Financial assets at fair value through other comprehensive income</b>		
Listed equity securities	-	2,525.2
Debt instruments	-	1,272.3
	<u>-</u>	<u>3,797.5</u>
Total	<u>1,351.2</u>	<u>6,023.0</u>

In the second half of the year, the share price of Evergrande Vehicle Group Limited (“Evergrande Vehicle”) has been adversely affected by the credit and liquidity crisis of its controlling shareholder, China Evergrande Group. In response to these uncertainties and the future prospect of the Group’s investment in Evergrande Vehicle, the Group decided to dispose of all of its investment in Evergrande Vehicle and realized a cash gain of HK\$23.8 million.

In terms of performance, the Group recognized from its portfolio of investments during the year unrealized fair value losses of HK\$179.8 million (2020: unrealized fair value gains of HK\$445.7 million) in the consolidated statement of profit or loss. The realized losses on the portfolio of investments for the year was HK\$229.2 million (2020: realized gains of HK\$3.9 million), whereas the dividends and interest income from investments was HK\$117.9 million (2020: HK\$75.7 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 portfolio of investments to make timely and appropriate adjustments to fine-tune its investments holding with a view to generating favorable returns for its shareholders.

### **Liquidity and Financial Resources**

The Group attempts to maintain a level of liquidity to ensure the Group is able to participate in investment opportunities as they arise and to withstand adverse changes in economic circumstances. The sources of liquidity include cash, undrawn committed credit facilities, construction facilities, and access to capital markets.

During the year, the Group successfully raised US\$300 million through the issue of 5.2% Guaranteed Notes due 2025 which received overwhelming response from the investors. The proceeds, after deducting the issue expenses, was used for the redemption of the Guaranteed Notes due June 2022 with the remaining proceeds earmarked for general working capital of the Group.

As at 31 December 2021, the Group had HK\$5.0 billion in cash and cash equivalents (2020: HK\$5.7 billion) and undrawn credit facility of HK\$1.0 billion, totalling HK\$6.0 billion. The Group intends to meet short-term liquidity requirements through its cash on hand, cash from operating activities and bank credit facilities. Cash from operations and recurring income will continue to provide the cash necessary to fund operating expenses and debt servicing requirements. About 53% of the Group’s bank deposits and cash were denominated in HKD, 40% in USD, 4% in GBP and 3% in other currencies.

As at 31 December 2021, total debt was HK\$13.0 billion (2020: HK\$12.4 billion) with the maturity profile spreading over a period of four years with HK\$9.2 billion repayable within one year and the remaining HK\$3.8 billion payable after one year. About 66% of the Group’s total debt was denominated in GBP, 18% in USD, 14% in Hong Kong dollars, and 2% in RMB. The debt to total assets ratio was 41% (2020: 36%) and is calculated as debt as a percentage to total assets.

The Group’s net borrowings increased to HK\$8.0 billion at 31 December 2021, compared to HK\$6.7 billion at 31 December 2020. The increase was mainly due to the need to contribute funding to the development of the Group’s property projects in the UK. As a result, the Group’s net gearing ratio increased to 43.3% at 31 December 2021 from 32.6% at 31 December 2020, a level considered as healthy by the Group.

The Group’s key financial ratios remain strong with the weighted average cost of debt for the year at 3.1% (2020: 3.2%). The Group continues to maintain a high level of liquidity. Total assets as at 31 December 2021 were HK\$32.0 billion, of which approximately 22% was current in nature. Net current liabilities were HK\$2.7 billion mainly due to the reclassification of the property mortgaged loan in the amount of HK\$6.5 billion from non-current liabilities to current liabilities due to its maturity date falling in 2022 and the refinancing of this loan has been completed as at the date of this announcement.

As at 31 December 2021, the owners’ equity was HK\$18.4 billion (2020: HK\$20.4 billion) and the net assets value per share was HK\$4.75 (2020: HK\$5.26).

## **Contingent Liabilities/Financial Guarantees**

At 31 December 2021, the Group had the following contingent liabilities/financial guarantees:

Guarantee given to the vendor in connection with consideration payable for the acquisition of a freehold land held by a joint venture amounted to HK\$105 million (2020: HK\$211 million).

Guarantees given to banks in connection with facilities granted to joint ventures up to HK\$2,509 million (2020: HK\$1,042 million).

Guarantees given to banks and an independent third party in connection with facilities granted to associates up to HK\$2,172 million (2020: HK\$1,503 million).

Guarantees given to certain financial institutions in connection with the cost overrun guarantee in respect of the project development costs of the joint venture in the amount HK\$869 million respectively (2020: HK\$871 million).

## **Pledge of Assets**

As at 31 December 2021, investment properties, bank deposits, and property and equipment in the respective amount of HK\$15.2 billion, HK\$0.6 billion and HK\$73 million have been pledged as security for banking facilities granted to the Group.

## **Exchange Risks and Hedging**

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

The Group hedges its foreign investments with bank borrowings and/or forward currency exchange contracts to offset against any unexpected and unfavorable currency movements, which may result in a loss on translation of the net foreign investment into Hong Kong dollars. During the year, the Group has terminated the forward currency exchange contract to hedge its currency exposure for a foreign currency liability with a settlement gain of HK\$4.8 million.

## **EMPLOYEES**

As at 31 December 2021, the Group employed a total of 121 employees in Hong Kong, China, and the United Kingdom for its principal business. Remuneration cost for the year (excluding directors' emoluments) amounted to approximately HK\$139 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 2020 and 2021, no equity-settled share option expense was charged off to the consolidated statement of profit or loss.

## **SUBSEQUENT EVENT**

Further to the announcement dated 28 January 2022 (the "Announcement"), the Group (together with the JV Partner forming the JV Company), in relation to the acquisition (the "Acquisition") of 40% equity (plus shareholders' loan) of a company (Target Company) which holds a property project on Shouson Hill Road through a wholly owned subsidiary (Property Owner), sets out below a summary of certain key financial information on the Target Company and the Property Owner (the "Target Group") on a consolidated basis for the financial years ended 31 December 2020 and 31 December 2021:

**For the financial year ended 31 December**

	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Unaudited)
<b>Revenue</b>	-	-
<b>Net loss before taxation</b>	(171)	(71,660)
<b>Net loss after taxation</b>	(171)	(71,660)

Based on the unaudited consolidated financial statements of the Target Group for the period commencing on 1 January 2022 and ending on 28 January 2022 (the “Financial Statements”), the unaudited consolidated net liabilities of the Target Group as at 28 January 2022 was approximately HK\$86,138,000, which mainly resulted from marketing expenses and interest expenses incurred in preparation for launching the Property for sale. The adjusted unaudited consolidated net assets of the Target Group (excluding shareholders’ loans due and owing by the Target Group) as at 28 January 2022 was approximately HK\$2,417 million (the “Adjusted NAV”). The Property consisting of 15 luxury detached houses has been fully completed as at the date of the sales and purchase agreement (the “SPA”).

As disclosed in the Announcement, Rapid Joy Limited, a wholly owned subsidiary of the Company, and the JV Partner had caused to be advanced to the JV Company the shareholders’ loans of up to HK\$976,000,000 and HK\$244,000,000 respectively upon signing of the Shareholders’ Agreement, which are in proportion to their respective interests in the JV Shares. The aggregate capital commitment of HK\$1,220 million to the JV Company was determined with reference primarily to the consideration paid for the Acquisition with an additional funding buffer for ongoing operational requirements of the JV Company.

The consideration paid for the Acquisition of approximately HK\$1,046,997,000 comprises of (i) approximately HK\$45,584,000 for the Sale Shares and (ii) approximately HK\$1,001,413,000 for the Sale Loan, and represents a slight premium to the Adjusted NAV attributable to the JV Company.

The consideration was determined after arm’s length negotiation between the JV Company and Smart Launch Limited (the Vendor) on normal commercial terms with reference primarily to the assets and liabilities of the Target Group as disclosed in the Financial Statements (coupled with the reason for the unaudited consolidated net liabilities of the Target Group), and taking into account (i) the Property is already fully completed as at the date of the SPA and ready for sale soon, rendering it both time and cost-effective for the Group to expedite returns on its investment; (ii) the purpose and business of the Target Group, (iii) the effective interest in the Target Group to be acquired by the JV Company, (iv) the opportunity for the Group to further participate in property development and investment in Hong Kong through the JV Company, as well as (v) property market sentiment during the relevant time. On this basis, the Directors were of the view that the consideration for the Acquisition was fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Following the SPA Completion, the Group has an effective interest of 32% in the Target Company held through the JV Company.

*Note: All capitalized terms used in this section have the same meanings ascribed to them in the Announcement, unless otherwise defined.*

**CORPORATE GOVERNANCE**

During the year, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

**DIRECTORS’ SECURITIES TRANSACTIONS**

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

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

On 21 October 2021, the US\$250,000,000 6.35 per cent. guaranteed notes due 2022 were redeemed in full at their principal amount together with interest accrued to the redemption date, and were cancelled and delisted from the Stock Exchange on 29 October 2021.

Save as aforesaid, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

## **SCOPE OF WORK OF ERNST & YOUNG**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Company's independent auditors, Ernst & Young ("EY"), to the amounts set out in draft consolidated financial statements of the Group for the year. The work performed by EY in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by EY on this announcement.

## **REVIEW OF ANNUAL RESULTS**

The Audit Committee has discussed with the management and independent auditors the accounting policies and practices adopted by the Group, and has reviewed the Group's consolidated results for the year ended 31 December 2021.

## **ADOPTION OF NEW BYE-LAWS**

The Board proposed to seek the approval of the shareholders at the AGM for the (a) proposed amendments to the existing bye-laws of the Company (the "Existing Bye-Laws") to, among others, provide flexibility to the Company in relation to the conduct of general meetings via electronic means, bring the Bye-Laws in line with latest changes to the Listing Rules, and make other consequential and housekeeping amendments; and (b) adoption of new bye-laws incorporating and consolidating all the proposed amendments in (a) above and all previously approved amendments in substitution for and to the exclusion of the Existing Bye-Laws. Details of the proposed amendments in (a) above will be set out in the circular containing the notice of AGM to be despatched to the shareholders as soon as practicable.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the Company's website at [www.ccland.com.hk](http://www.ccland.com.hk) and the HKEXnews website at [www.hkexnews.hk](http://www.hkexnews.hk). The Company's 2021 Annual Report will also be available on both websites and despatched to the shareholders of the Company in due course.

By order of the Board

**Lam How Mun Peter**

*Deputy Chairman and Managing Director*

Hong Kong, 22 March 2022

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