C C LAND HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 1224

ANNUAL REPORT 2020

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

SECURITIES CODES

Shares
1224.HK

USD250 million 6.35% guaranteed notes due 2022
4566.HK

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

INDEPENDENT AUDITORS

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

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
4th Floor North
Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

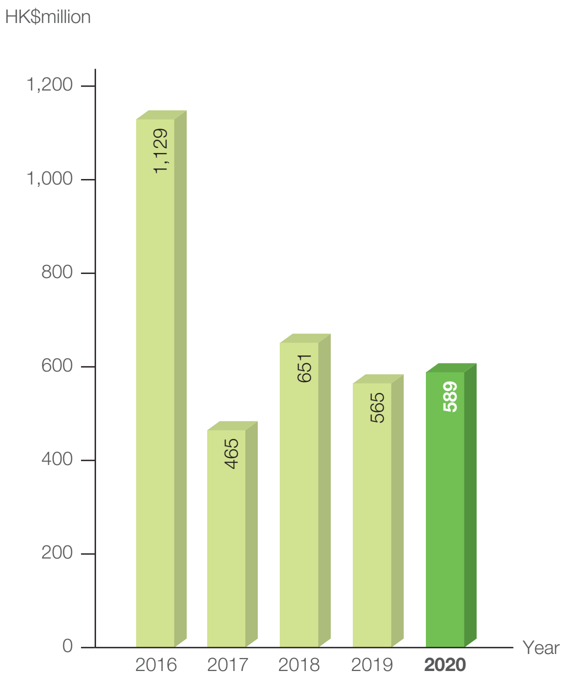
Hong Kong branch share registrar and transfer office
Tricor Secretaries Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

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
Industrial and Commercial Bank of China (Asia) Limited
China CITIC Bank International Limited

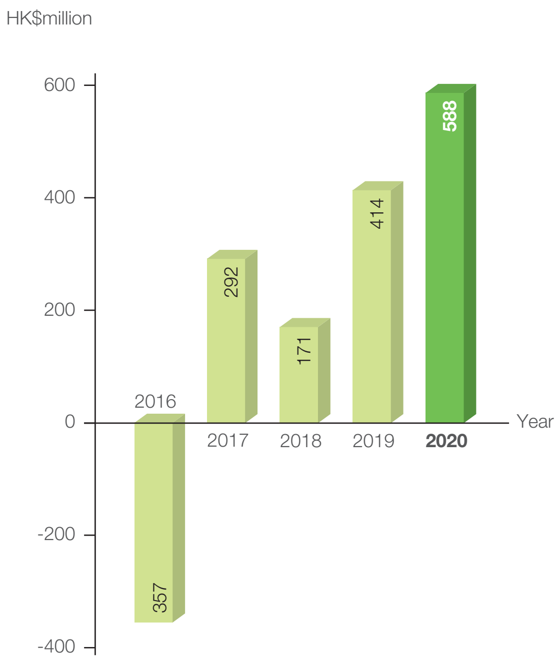
REVENUE

Year ended 31 December



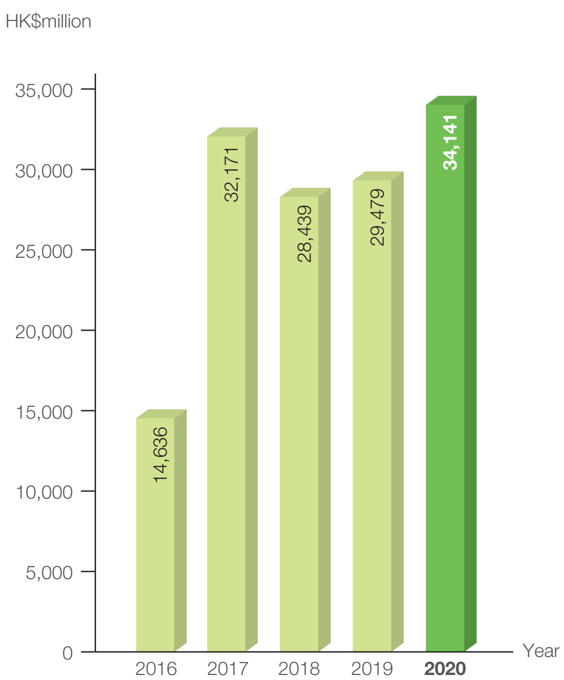
PROFIT/LOSS ATTRIBUTABLE TO SHAREHOLDERS

Year ended 31 December



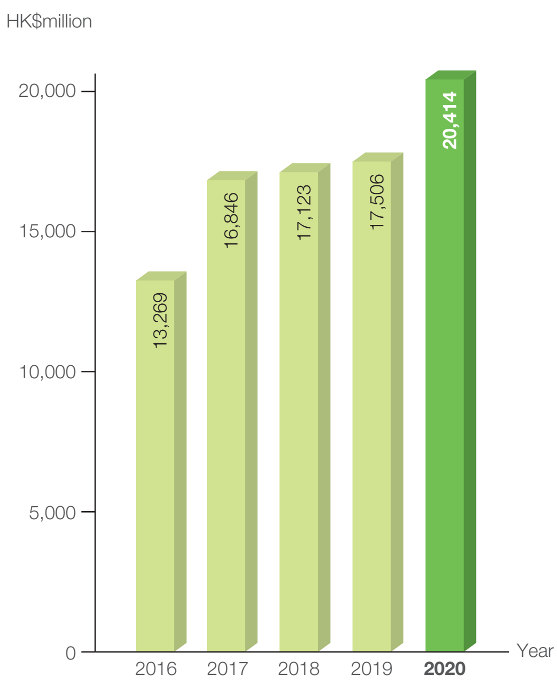
TOTAL ASSETS

As at 31 December



SHAREHOLDERS' EQUITY

As at 31 December



Directors' Profile

EXECUTIVE DIRECTORS

Mr. CHEUNG Chung Kiu, aged 56, was first appointed Executive Director of the Company on 22 June 2000 and became Chairman on 22 November 2006. He also serves as a Director of several subsidiaries of the Company. As Chairman, Mr. Cheung oversees the Group's entire business and is responsible for leading the Board and managing its work to ensure that the Board effectively operates and fully discharges its responsibilities. Mr. Cheung has a wide range of experience in investment and business management, including over 25 years of property development and investment experience, mainly in Hong Kong and in the PRC as well as other major cities globally including London and Sydney. In addition, Mr. Cheung is the chairman and managing director of Y. T. Realty Group Limited ("YTR") and chairman of The Cross-Harbour (Holdings) Limited ("CHH"), the shares of which are listed on the Stock Exchange. He is also a director of Windsor Dynasty Limited and Fame Seeker Holdings Limited, which are companies disclosed under the section headed "Discloseable Interests and Short Positions of Shareholders under the SFO" on page 34.

Dr. LAM How Mun Peter, aged 73, was first appointed Executive Director of the Company on 3 June 1998 and became Managing Director and Deputy Chairman on 9 April 1999 and 22 November 2006 respectively. Dr. Lam is one of the founders of the Group established in 1989. He also serves as a Director of several subsidiaries of the Company. As Managing Director, Dr. Lam oversees the Group's business and is responsible for overseeing the Group's day-to-day management, recommending strategies to the Board, and determining and implementing operational decisions. Dr. Lam graduated from the University of Hong Kong with a bachelor's degree in Medicine and Surgery in 1972. He is a fellow of the Royal College of Surgeons of Edinburgh and the American College of Surgeons. In addition to his extensive experience in medical practice, Dr. Lam has over 30 years of extensive experience in corporate management, real estate and investment.

Mr. WONG Chi Keung, aged 65, was appointed Executive Director and Deputy Chairman of the Company on 1 March 2016. He also serves as a Director of several subsidiaries of the Company. Mr. Wong oversees the Group's property development and investment business and is responsible for recommending investment strategies to the Board. He holds a degree of Doctor of Philosophy in Business from Honolulu University and is a professional member of the Royal Institution of Chartered Surveyors, and a member of The Hong Kong Institute of Housing and the Chartered Institute of Housing. He is a fellow member of Hong Kong Institute of Real Estate Administrators and The Hong Kong Institute of Directors and an honorary fellow of Guangxi Academy of Social Sciences. Mr. Wong has held senior executive positions with various leading property companies and property consultant firms in Hong Kong in the past 30 years. In addition, Mr. Wong is currently an executive director of CHH and an independent non-executive director of Water Oasis Group Limited, the shares of which are also listed on the Stock Exchange.

Mr. LEUNG Chun Cheong, aged 71, was appointed Executive Director of the Company on 3 June 1998. He also serves as a Director of several subsidiaries of the Company. Mr. Leung joined the Group in 1995. He is mainly responsible for overseeing the Group's financial management and financial functions and governance. Prior to joining the Group, Mr. Leung had held senior positions in multi-national companies and audit profession in Hong Kong. He has over 35 years of extensive experience in auditing, governance and management. Mr. Leung is a fellow of the Association of Chartered Certified Accountants in the United Kingdom and an associate of the Hong Kong Institute of Certified Public Accountants.

Mr. LEUNG Wai Fai, aged 59, was appointed Executive Director of the Company on 3 December 1999. He also serves as a Director of several subsidiaries of the Company. Mr. Leung is mainly responsible for the financial planning of the Group's business as well as overseeing its corporate finance and management. Mr. Leung graduated from the University of Wisconsin-Madison, the United States of America with a bachelor's degree in Business Administration in 1985, and is a fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. He has over 30 years of extensive experience in planning and advisory as well as accounting and financial reporting. In addition, Mr. Leung is an executive director of CHH.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAM Kin Fung Jeffrey, GBS, JP, aged 69, was appointed Independent Non-executive Director of the Company on 3 June 1998. Mr. Lam holds a bachelor's degree in mechanical engineering from Tufts University in the United States. He has over 30 years of experience in the toy industry and is currently the Managing Director of Forward Winsome Industries Limited which is engaged in toy manufacturing. Mr. Lam was awarded a Gold Bauhinia Star by the Government of the HKSAR in 2011. He also holds a number of public and community service positions including Member of the National Committee of the Chinese People's Political Consultative Conference, Member of the Legislative Council and Non-Official Member of the Executive Council in Hong Kong, Chairman of Independent Commission Against Corruption Complaints Committee, Director of The Hong Kong Mortgage Corporation Limited, and General Committee Member of the Hong Kong General Chamber of Commerce. In addition, Mr. Lam is an independent non-executive director of Analogue Holdings Limited, China Overseas Grand Oceans Group Ltd., China Strategic Holdings Limited, Chow Tai Fook Jewellery Group Limited, CWT International Limited, i-CABLE Communications Limited, Wing Tai Properties Limited and Wynn Macau, Limited, the shares of all these companies are listed on the Stock Exchange.

Mr. LEUNG Yu Ming Steven, aged 61, was appointed Independent Non-executive Director of the Company on 1 October 2007. Mr. Leung holds a master's degree in Accountancy from Charles Sturt University in Australia and a bachelor's degree in Social Science from the Chinese University of Hong Kong. He is an associate of the Institute of Chartered Accountants in England and Wales, a certified practicing accountant of CPA Australia and a fellow of the Association of Chartered Certified Accountants in the United Kingdom, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong. Mr. Leung is a practicing certified public accountant in Hong Kong. He previously worked in Nomura International (Hong Kong) Limited as an assistant vice-president in the International Finance and Corporate Finance Department. He commenced public practice in auditing and taxation in 1990 and is currently the senior partner of a firm of certified public accountants. He has over 30 years of experience in assurance, accounting, taxation, financial management and corporate finance. Mr. Leung is an independent non-executive director of Suga International Holdings Limited, YTR and CHH, the shares of all these companies are listed on the Stock Exchange.

Dr. WONG Lung Tak Patrick, BBS, JP, aged 73, was appointed Independent Non-executive Director of the Company on 1 October 2007. Dr. Wong is a Certified Public Accountant (Practicing) and a Certified Tax Adviser in Hong Kong and also a Chartered Secretary in the United Kingdom and in Hong Kong. He is currently the Managing Practising Director of Patrick Wong CPA Limited. He has over 40 years' experience in the accountancy profession. Dr. Wong holds a Doctor of Philosophy in Business degree, was awarded a Badge of Honour by the Queen of England in 1993 and was appointed a Justice of the Peace in 1998. He was also awarded a Bronze Bauhinia Star by the Government of the HKSAR in 2010. Dr. Wong is an independent non-executive director of 北京汽車股份有限公司 (BAIC Motor Corporation Limited), Galaxy Entertainment Group Limited, Li Bao Ge Group Limited, Sino Oil and Gas Holdings Limited, Water Oasis Group Limited and Winox Holdings Limited, the shares of all these companies are listed on the Stock Exchange.

Chairman's Statement

To our shareholders,

I am pleased to present the annual results of the Group for the year ended 31 December 2020.

For the year ended 31 December 2020, the Group recorded a consolidated revenue of HK$588.8 million (2019: HK$564.6 million) and a net profit for the year of HK$588.2 million (2019: HK$414.0 million), representing an increase of 4.3% and 42.1% respectively compared to previous year. The profit attributable to shareholders for the year was HK$588.2 million (2019: HK$414.0 million). The basic earnings per share for the year was HK15.15 cents (2019: HK10.66 cents).

BUSINESS REVIEW

The Group has property investment and development projects in several major cosmopolitan cities, namely, London, Melbourne, Hong Kong and key cities of the PRC.

Looking back, 2020 has been one of the most unusual years in history. All aspects of our lives have been affected by the COVID-19 pandemic, bringing about pressure on corporate cash flows of different industries as a result of lockdowns and restrictions of social distancing, and travelling. The intensified Sino-US tension and uncertainty around Britain's Brexit plan in the year have had a negative impact on business confidence. Accordingly, the Group has slightly slowed its acquisition pace in the year and concentrated its effort on the development of existing projects. The Group will continue to adopt a prudent investment strategy in selecting premium projects for investment.

At the beginning of the pandemic, the Group acted swiftly to tackle pandemic issues with its office tenants, allowing broader pragmatic options of rent deferrals to mitigate the commercial and financial impact of the pandemic on its businesses. While the longer-term social and economic consequences have yet to be determined, the immediate impact has been particularly significant on the retail segments. Fortunately the Central London offices which form a major part of the Group's rental income portfolio have seen only a minimal impact. Despite the annual transaction numbers in the London's office market sector are expected to be below the past year's average, there is still little evidence of downward pressure on headline rents as new and refurbished space remains in short supply. Demand conditions are mixed across the UK, but supply remains limited, and hence the rents are relatively stable.

The Brexit curtain has finally come down and the UK left the EU with a negotiated trade deal which enables UK businesses to have continued access to the EU markets. The Group expects there may be some unsteady economic climate in the short term, but the UK has a resilient financial system and businesses will adapt to the different working conditions. Despite the uncertainties, the Group proceeded as planned on the development of the Whiteleys Project. This could not have been possible without the possession of its strong liquidity and cash position. The Nine Elms Square Project development is also progressing as planned with Phase I expected to be completed and delivered to the buyers by 2023.

In Australia, with a number of quality assets currently on the market or under due diligence, it is expected that there will be a rebound in the commercial sector as there has been continued demand for quality assets with secured tenant contract arrangements. The Group holds a positive view on the Spring Street project.

To date there has been minimal impact on the Group's performance or financial position. Its property asset values, as determined independently, are only slightly lowered when compared with the pre-COVID-19 levels, showing the resilience and strength of the properties' long-term lease covenants. Financially the Group's business is in robust shape with gearing at a prudent level and is well protected to withstand market volatility.

By the end of 2020, the Group owned three commercial properties, located in the United Kingdom and Australia, totalling 1,182,000 sqf of office, retail and car parking spaces. In terms of area, the United Kingdom assets accounted for 74% of the portfolio while 26% of the portfolio was owned by the Group through a joint venture in Melbourne.

The UK portfolio continues to show consistent performance, being practically fully let at all times throughout the year. Rent reviews for some of the units in The Leadenhall Building and One Kingdom Street were conducted during the year. The weighted average increase in rental rates of The Leadenhall Building and One Kingdom Street achieved in 2020 were 6.2% and 4.4% respectively. The Group's UK team continues to focus on building a harmonious relationship with the tenants, working to ensure maximum utilization of the buildings' spaces, and meeting the tenants' business and overall needs.

The Group had a strong cash position of HK$5.7 billion as at 31 December 2020. The Group's net gearing ratio at year end 2020 stood at 32.6% (2019: 21.8%).

OUTLOOK

The eventual lifting of lockdowns and the beginning of mass vaccination programmes in the UK and around the world would avoid severe economic and health consequences. The certainty of the UK leaving the EU with a negotiated trade deal, and future potentials on trade with other major economies contribute to the Group's view and optimism about the long-term prospects of London and belief that London would remain as one of the favourite destinations for business and investments.

The London office market has had strong demands for premium office space despite the clouds of uncertainty over Brexit and the pandemic for much of the year. The high occupancy rates across the Group's investment properties, The Leadenhall Building and One Kingdom Street, reflect the continued demand for space that offers quality and convenience. With the Group's strong tenant bases and high quality buildings in prime locations, the Group believes its portfolio is well-placed to meet challenges and will continue to provide secure and stable income.

Given the nature of the real estate market, the Group anticipates that any near term slowdown caused by specific measures taken to tackle the pandemic would only generally result in a temporary slack off in business activity. In the near-term, the Group is keen to maintain its pace in its property development activities while ensuring on site health and safety practices.

With its strong balance sheet, the Group is well placed to get through this difficult time and to take advantage of any new opportunities that may arise.

ACKNOWLEDGEMENTS

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

Cheung Chung Kiu
Chairman

Hong Kong, 22 March 2021

RESULTS

The Group achieved a consolidated revenue of HK$588.8 million, representing an increase of approximately 4.3% compared to HK$564.6 million in 2019. The Group's net profit for the year was HK$588.2 million (2019: HK$414.0 million). The profit attributable to shareholders for the year was HK$588.2 million (2019: HK$414.0 million). The basic earnings per share for the year was HK15.15 cents (2019: HK10.66 cents).

FINAL DIVIDEND

The directors are pleased to recommend a final dividend of HK$0.02 (2019: 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 2021. Subject to approval at the Company's forthcoming AGM, dividend warrant will be sent to shareholders on or about 4 June 2021.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 13 May 2021 to Tuesday, 18 May 2021, 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., Wednesday, 12 May 2021.

The Register of Members of the Company will also be closed from Tuesday, 25 May 2021 to Thursday, 27 May 2021, 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., Monday, 24 May 2021.

BUSINESS REVIEW

Revenue and Operating Profit

The Group recorded a revenue of HK$588.8 million in 2020, an increase of 4.3% compared with HK$564.6 million in 2019. This includes rental income of HK$481.0 million (2019: HK$477.1 million), representing 81.7% (2019: 84.5%) of the total revenue. The two properties, The Leadenhall Building and, One Kingdom Street, with a total of 875,000 sqf of leasable area, are practically fully let during the year.

Rent collections over the year are at satisfactory levels due to the buildings' first class tenants and the Group's quality asset management. The Group has collected 97% of the rents in the year, the shortfall being primarily caused by a few tenants' ongoing negotiation through the rent deferral support programs. Leasing activity remained strong in spite of the pandemic. Since the beginning of the year, leases totalling over 530,000 sqf were subject to rent review, of which a total of 163,000 sqf were renewed at a weighted average rate of increase of 5.9%, representing 6.2% and 4.4% increase for The Leadenhall Building and One Kingdom Street respectively. The remaining leases are in the process of negotiation.

The treasury investment segment recorded realized profits of HK$3.9 million (2019: HK$100.7 million) and fair value gains of HK$445.7 million (2019: fair value losses of HK$5.7 million) from its investment portfolio covering both equity shares and fund investments during the year.

Other income and gains increased by HK$279.0 million for the year ended 31 December 2020 to HK$781.8 million as compared to 2019 as a result of the followings:

1. Net fair value gains on financial assets at fair value through profit or loss of HK$445.7 million (2019: net fair value losses of HK$5.7 million).
2. Net exchange gains of HK$187.2 million (2019: net exchange losses of HK$18.3 million) mainly benefiting from the management's astute decision to grasp the opportunity for purchasing GBP at favourable exchange rates, for the purpose of meeting the Group's commitments to the two development projects in the UK, following the depreciation of the GBP against HK$ as a result of interest rate cut in March 2020.

The increase in other income and gains was partially offset by the non-occurrence of the following items recorded in 2019:

1. Fair value gains on investment properties of HK$165.3 million.
2. One-off disposal gains of HK$140.3 million from two property development projects.
3. Net gains on disposal of financial assets at fair value through profit or loss of HK$105.6 million.

Finance costs increased by HK$95.7 million to HK$374.1 million for the year ended 31 December 2020 following a full period of reflection of the interest incurred on the 3-year guaranteed notes issued by the Group in June 2019 and the drawdown on a new bank loan in April 2020.

The Group's net share of joint venture profit was HK$71.5 million (2019: HK$136.5 million). The decrease was as a result of the disposal of a joint venture operation in the last year which was the largest contributor with a share of profits of HK$176.9 million to the Group in 2019, offset by the share of profit from the Whiteleys Project of HK$81.3 million in 2020. The remaining share of loss represented the Group's share of administrative costs, marketing expenses and finance costs of the joint-venture projects.

The Group recorded a full year net profit of HK$588.2 million (2019: HK$414.0 million) representing an increase of 42.1%.

Investment Properties

As at 31 December 2020, the Group held a portfolio of three commercial properties, totalling 1,182,000 sqf of office, retail and car parking spaces located in two countries namely, the United Kingdom and, Australia. In terms of area, the United Kingdom assets accounted for 74% of the portfolio while 26% of the portfolio was owned by the Group through a joint venture in Melbourne.

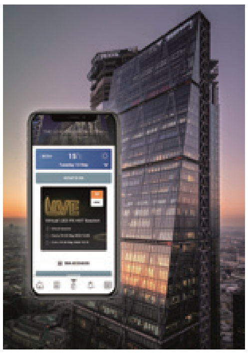
During the year 2020, the Group generated a rental income of HK$481.0 million (2019: HK$477.1 million) from its investment properties in London. The pandemic has created uncertainty and increased volatility in the financial markets. The Group recorded a decrease in the fair value of its investment properties and recognised a loss of HK$39.4 million in the profit and loss for the year. This decrease of the fair value was specific to the One Kingdom Street investment property. The Leadenhall Building proved resilient without changes in its value as rental values and yields remained stable. Although there is a slight drop in the fair value of One Kingdom Street, the building is fully-let which reflected it is well fancied by the tenants.

United Kingdom

The Leadenhall Building

The Leadenhall Building ("TLB") is an iconic building in the United Kingdom, with a height of 225 metres (738 feet), combining flexible office space with retail and dining facilities at the lower section of the building. The unique form of the building creates its own distinctive profile within a cluster of emerging tall buildings in the City of London. The building is located in the prime financial and insurance districts of London. Completed in 2014, it is a core valuable asset of the Group and will be held by the Group as an investment property for long term capital growth. It is a 46 floors commercial tower and comprises approximately 610,000 sqf of office and retail space, and are practically fully multi-let with a weighted average unexpired lease term of approximately 10 years with 8 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 TLB is in the region of GBP39.7 million (2019: GBP40.5 million). As at the year ended, 98% of the office space was leased. The rental yield is approximately 3.5% per annum.

The TLB App was launched in Q1 2020 which coincided with the introduction of the UK's first nationwide lockdown in response to the Coronavirus crisis. Due to the prolonged lockdown in the first half of 2020, and the low numbers of occupants who returned to the building when Government restrictions allowed, it has been difficult to capture the attention of the community. The decision was taken to suspend the planned promotional campaign to encourage building occupants to download the App and reschedule this to 2021.



The Leadenhall Building App

Since its launch, the App has primarily been utilised to provide up to date communications to tenants regarding COVID-19 procedures and policies. From October 2020, the App has published content updates such as articles on the best things to do in London during Autumn, information on the changes to the 2020 Poppy Appeal, and the promotion of two virtual LED-Talks.

The Building Management, via the bespoke TLB App continues to revise the reoccupation guidelines for tenants returning to office, working in sync with government advice to ensure occupier safety at all times.

To increase and maintain the status of the building as an iconic international building, the Group has organized marketing events within the building as part of the London Mural Festival as workers returned, and helped support Arts, a sector which had been hit particularly hard by the COVID-19 crisis.

One Kingdom Street

The building is a contemporary Grade A office building located inside the Sheldon Square which comprises of office and residential blocks, a hotel, retail, dining, and entertainment amenities. Designed by award-winning British architects, the building features a generous reception lounge and central atrium, while above, 265,000 sqf of superior office space are spread over nine beautifully finished floors and with some parking spaces at the basement. The building captures an annual rental income of approximately GBP15.0 million (2019: GBP15.0 million), equivalent to an annual yield of 5.1%. It is fully let throughout the year to reputable tenants.

One Kingdom Street

Tenant-mix enhancement initiatives were implemented to meet various customer demands. To enhance the interactions and harmonious relationship among occupiers of the building, occupier engagement events were introduced to maintain a sense of belonging among the building community.

Australia

85 Spring Street, Melbourne

The site is perfectly positioned in the heart of Spring Street within Melbourne's premium neighbourhood. Planning to redevelop the site into a commercial office tower of 307,000 sqf of net lettable office accommodation, an increase of 197,000 sqf, has been approved. The building benefits from dual street frontage, and direct access to the Parliament train station. The acquisition cost is AUD112 million and the Group has a 41.9% effective interest in the development.

Joint Ventures

As at 31 December 2020, the Group has over 1.1 million sqf of attributable development space in London and approximately 2.3 million sqf in China. These property projects are operated through joint ventures.

The Group's net investment in joint venture projects increased to HK$5,218 million at 31 December 2020, up from HK$3,163 million in the previous year. The increase was largely due to contributions to fund ongoing development expenditure, in particular for the development of Nine Elms Square and the Whiteleys Shopping Centre. Significant progress has been made with these two development projects in the UK.

Prior to the impact of the pandemic in 2019, the construction of Nine Elms Square Phase I comprising 3 residential towers totalling approximately 680,000 sqf were progressing on time as planned. Subsequently with lockdown and other measures enforced by the government, there was a delay in progress but the situation is improving. Based on current schedule, the Group expects Phase I to be completed and delivered to the buyers by 2023.

Planning was submitted for the Whiteleys residential development project while the design process continues. Piling and excavation works are underway, and contractors have been selected for the development of about 580,000 sqf of the project portfolio. The construction was going well before a brief pause during the initial weeks of the lockdown and subsequent activities have resumed albeit at a slower rate, in part due to social distancing requirements. Agreements with agents have been reached after discussions in the latter part of the year for sales and marketing of the residential component with the anticipation to roll out the sales launch within this year.

Nine Elms Square – London

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

The project began in 2017 when initial construction began on the 10.3 acre (4.2 hectare) site. The overall construction consists of 12 (mixed-use) buildings, including three primary towers which extend upwards over 54 storeys.

Nine Elms Square

Nine Elms Square is located at the southern bank of the River Thames in Central London. When completed the towers will provide breathtaking views over London, extending from the Thames and London Eye to the new American Embassy - a rare sight in Central London. With the Linear Park next to the project, residents will have all the convenience of a central urban location, coupled with the benefit and lifestyle near a recreational park.

The project will be developed in two phases. Most of the units will enjoy a panoramic view of the River Thames. Construction of Phase I is progressing well but development activity has slowed due to COVID-19. Phase I of the project will be developed through 2023. More than eighty units have been taken up as at end of 2020 since the presale launch in early 2020. The pandemic has a negative effect on buyers committing to a purchase as they would generally wait for clarity on its economic impact, and at the same time, the ongoing lockdown has restricted travel, thus reducing potential buyers' ability to better understand the development. The Group expects turnover continues to be soft until the economic and social conditions return to a more normal condition once the pandemic comes under control.

When fully developed, the whole project will provide about 1,500 residential units with a total saleable area of approximately 1.7 million sqf.

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

Whiteleys Shopping Centre – London

The Group has committed to invest GBP182 million in the regeneration and redevelopment project of Whiteleys in London, a former shopping centre constructed in 1908. Located in Queensway, W2, Bayswater, the Whiteleys redevelopment project is a mixed-use scheme which secured planning permission in 2016. Under the redevelopment plans, the project with about 580,000 sqf will deliver 153 residential apartments, a 5-star hotel, retail and restaurant spaces in prime Central London. Demolition work was completed. Piling and excavation works are underway. The residential development represents 56% of the entire Whiteleys portfolio providing this joint-venture project further opportunities to add value, and is set to deliver circa 316,000 sqf of premium residential apartments. The Group expects sales of the residential units to be slow given the impact of pandemic, and is unlikely to commence before the first quarter of 2021. Completion of the development is expected in 2023. The Group has 50% voting right in this project. As at the end of 2020, the capital investment contributed by the Group amounted to GBP112.4 million.

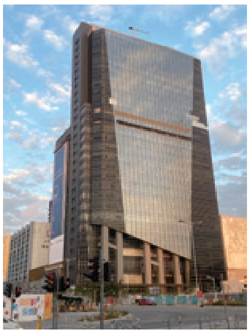
Whiteleys Shopping Centre

Harbourside HQ – Hong Kong

Harbourside HQ is a 28-storey 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. It is located next to the Kai Tak Development District, close to the junction of the MTR Kwun Tong line and the Shatin to Central Link, as well as near to the Tate's Cairn and Eastern Harbour Crossing, making it easily accessible and well connected to different districts of Hong Kong.

Given its unique location, Harbourside HQ commands a panoramic harbour view from the Lei Yue Mun Straits to the Victoria Harbour. The cost of acquisition was HK$7.5 billion in which the Group has a 25% ownership interest. The rental yield is about 2% per annum.

Refurbishment and upgrading to the entrance hall and common areas, as well as improvement of the external curtain walls are substantially completed to attract an upscale tenant profile.



Harbourside HQ

Development Project – PRC

The project is located in the Chongqing Bishan High-tech Zone (璧山高新區), close to Daishan Avenue (黛山大道), and to both Chengbei Line 1 Subway Station and Chengnan High-speed Railway Station. Amenities with kindergartens, schools and parks are to be opened in the vicinity. This development project, in which the Group has a participating interest of 33.3% in a joint venture with a planned investment of about RMB800 million, will comprise 7.0 million sqf of commercial, retail and residential spaces. The project will be developed in two phases. Construction of the first phase is in progress. Presale for the first phase of 3.7 million saleable sqf was launched in June 2020 and construction work for the second phase commenced in October 2020. Completion of the whole project is expected in the second half of 2022.

Treasury Investment Business

The treasury investment segment recorded a gain of HK$477.6 million (2019: HK$126.2 million). The dividends and interests earned from investments and loans receivable amounted to HK$107.8 million (2019: HK$93.5 million). The realized gain and fair value gains from its investment portfolio amounted to HK$3.9 million and HK$445.7 million respectively (2019: realized gains of HK$100.7 million and fair value losses of HK$5.7 million respectively).

OUTLOOK

In spite of the current pandemic crisis, the Group's position is well safeguarded. The Group's leasing activities remain strong, and its development projects are focused on high quality and in premium locations that have unyielding demands. Its healthy financial position will enable the Group to withstand volatility and retain capacity for growth.

London, after Brexit, continues to be a key global financial center. The Group remains confident in London to maintain this status.

While in Australia, the Group believes that the Melbourne Spring Street Project will offer significant opportunity for rental growth as a result of population growth and strong commercial demand for premium office space.

Harbourside HQ

The Group's strategic objective is sustainable growth in shareholder value in the long term. To achieve this objective, the Group has built up a globally diversified portfolio of high-quality assets that generate sustainable and growing distributions over the long term. The Group will look out for opportunities to diversify its asset base and will maintain a disciplined approach to operations while achieving its goals to expand its portfolio.

FINANCIAL REVIEW

Investments

The Group invested surplus cash in a diversified portfolio of listed equity securities, unlisted investment funds and debt instruments. As at 31 December 2020, the portfolio of investments comprised of listed equity securities, unlisted investment funds and debt instruments with an aggregate carrying value of HK$6,023.0 million (31 December 2019: HK$1,922.2 million) which is listed in the table below:

	31 December 2020 HK$' million	31 December 2019 HK$' million
Financial assets at fair value through profit or loss		
Listed equity securities	**284.4**	223.6
Unlisted investment funds	**1,850.5**	605.7
Debt instrument	**90.6**	77.4
	2,225.5	906.7
Financial assets at fair value through other comprehensive income		
Listed equity securities	**2,525.2**	649.7
Debt instruments	**1,272.3**	365.8
	3,797.5	1,015.5
Total	**6,023.0**	1,922.2

The increase in the Group's investments portfolio as at 31 December 2020 was mainly attributable to the total fair value gains of HK$2.4 billion from the portfolio of financial assets at fair value through profit or loss and other comprehensive income as well as the acquisition of senior notes issued by a major PRC property developer in the amount of HK$0.9 billion in November 2020.

In 2020, the Group recognized from its portfolio of investments during the year unrealized fair value gains of HK$445.7 million (2019: fair value losses of HK$5.7 million) in the consolidated statement of profit or loss and unrealized fair value gain of HK$1.9 billion (2019: fair value loss of HK$202.6 million) in the consolidated statement of other comprehensive income. The realized gain on the portfolio of investments for the year was HK$3.9 million (2019: HK$100.7 million), whereas the amount of dividends and interest income from investments was HK$75.7 million (2019: HK$51.5 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.

Significant investments of individual fair value of 5% or above of the Group's total assets
– China Evergrande New Energy Vehicle Group Limited (Stock Code: 708) ("Evergrande Vehicle")

The principal business activities of Evergrande Vehicle include technology research and development and manufacturing of, and sales services in respect of new energy vehicles as well as health management businesses including "Internet+" community health management, international hospitals, elderly care and rehabilitation.

As at 31 December 2020, the Group held 83,615,000 shares with an investment cost of HK$181.2 million in Evergrande Vehicle, representing 0.95% of its issued shares. The fair value of the Group's investment in Evergrande Vehicle was HK$2.5 billion representing 7.4% of the Group's total assets. In terms of performance, the share price of Evergrande Vehicle rose by 289% during the year and accordingly the Group recognized an unrealized fair value gain of HK$1.9 billion, as compared to an unrealized fair value loss of HK$0.2 billion recorded in the previous year, in the consolidated statement under other comprehensive income. No dividend was received from the Group's investment in Evergrande Vehicle during the year. In terms of future prospects of the Group's investment in Evergrande Vehicle, its performance is to a large extent subject to the development of the new energy vehicle industry as well as the development pace of its six first-phase "Hengchi" vehicle models revealed in August 2020. The Group will continuously assess the performance of its investment in Evergrande Vehicle and make timely and appropriate adjustments to maximize its return to the shareholders.

Other than the investment in Evergrande Vehicle, no other single investment of the Group's portfolio of investments accounted for 5% or more of its total assets.

Liquidity and Financial Resources

The Group's net borrowings increased to HK$6.7 billion at 31 December 2020, compared to HK$3.8 billion at 31 December 2019. 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 32.6% at 31 December 2020 from 21.8% at 31 December 2019, which the Group considers is still at a healthy level.

As at 31 December 2020, the Group had total bank borrowings and notes payable amounting to HK$12.4 billion with the maturity profile spreading over a period of two years with HK$0.5 billion repayable within one year and the remaining HK$11.9 billion repayable after one year.

The total net borrowings represented a loan-to-property value of 43.5% (2019: 25.6%). At 31 December 2020, the Group had cash and cash equivalents of HK$5.7 billion and undrawn credit facility of HK$1 billion totalling HK$6.7 billion.

The Group's weighted average cost of debt for the year was 3.2% (2019: 3.0%), marginally higher than the previous year.

As at 31 December 2020, cash and cash equivalents balances totalled HK$5.7 billion as compared to HK$7.1 billion as at 31 December 2019. About 60% of the Group's bank deposits and cash were denominated in HKD, 19% in USD, 19% in GBP and 2% in RMB.

The Group continues to maintain a high level of liquidity. Total assets as at the end of December 2020 were HK$34.1 billion, of which approximately 25.3% was current in nature. Net current assets were HK$6.9 billion and accounted for approximately 33.6% of the net assets of the Group.

As at 31 December 2020, the owners' equity was HK$20.4 billion (2019: HK$17.5 billion) and the net asset value per share was HK$5.26 (2019: HK$4.51).

Contingent Liabilities/Financial Guarantees

At 31 December 2020, the Group had the following contingent liabilities/financial guarantees:

1. Guarantee given to the vendor in connection with the acquisition of a freehold land by a joint venture amounting to HK$211 million (2019: HK$204 million).

2. Guarantee given to a bank in connection with a facility granted to a joint venture up to HK$1,042 million which was fully utilized (2019: HK$1,119 million).

3. Guarantees given to banks and an independent third party in connection with facilities and related interest rate hedging instruments facilities granted to associates up to HK$1,503 million which was fully utilized (2019: HK$1,479 million).

4. Guarantees given to certain financial institutions in connection with the Group's equity contribution commitment in a joint venture and the cost overrun guarantee in respect of the project development costs of the joint venture in the amounts of HK$735 million and HK$871 million respectively (2019: HK$1.7 billion and HK$0.8 billion respectively).

Pledge of Assets

As at 31 December 2020, investment properties and property and equipment in the respective amount of HK$15.3 billion and HK$75 million have been pledged as security for banking facilities granted to the Group, and bank deposits of HK$26 million have been pledged as security for a banking facility granted to a joint venture.

Exchange Risks and Hedging

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

The Group hedges its foreign investments with bank borrowings and/or forward currency exchange contracts to offset against any unexpected and unfavorable currency movements, which may result in a loss on translation of the net foreign investment into Hong Kong dollars. As at end of the year, no forward currency exchange contract has been executed by the Group.

EMPLOYEES

As at year end of 2020, the Group employed a total of 121 employees in Hong Kong, China and the United Kingdom for its principal business. Remuneration costs for the year (excluding directors' emoluments) amounted to approximately HK$127 million.

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

Employees are also eligible to be granted share options under the Company's share option scheme at the discretion of the Board. For 2019 and 2020, no equity-settled share option expense was charged off to the consolidated statement of profit or loss.

The Group adopts a proactive approach in investor relations and strives to provide investors with updates and accurate information on the Group's latest development. The Group has an open-minded attitude and believes effective communication is two-ways and therefore also encourages investors to give feedback to the Group. To enable easy access to information on the Company's latest major development, measures have been taken to ensure all necessary information and appropriate updates are made available to investors in a timely manner through the Company's website, www.ccland.com.hk.

To enhance communications with its shareholders and the public, the Group develops new or revamped websites for its flagship projects regularly.

INVESTOR RELATIONS ACTIVITIES

To facilitate on-going and timely dialogues with the investment community, the Group held analysts briefings after each results announcement. The management of the Group also participated in investment forums organized by leading international investment banks. Due to the COVID-19 outbreak, the meetings were changed to online mode during the past year.

The Group has maintained a long-term and close relationship with the investment community, keeping an updated distribution list of investors to provide them with corporate news and announcements through e-mails. The Group believes continuous communication between investors is extremely important.

Besides the equity investors, after the issuance of its first time 3-year guaranteed notes of USD250 million due 2022, the Group also communicates and updates its latest development with bond investors regularly.

ACHIEVEMENTS AND AWARDS

During the year, The Leadenhall Building received various awards.

The Leadenhall Building retained its ISO 14001 accreditation for 2020. This sets out the criteria for an environmental management system. It maps out a framework that a company or organization should follow to set up an effective environmental management system.

The Leadenhall Building is an award winner in the 2020 Premises and Facilities Management (PFM) Awards for Partners in sustainability. This is for the Management's work with occupiers and service partners in reducing energy consumption in all areas and promoting innovation in all fields of energy.

The Leadenhall Building is still part of the City of London Air Quality Pledge, whose aim is for over 90% of the Square Mile to meet the health-based limits for nitrogen dioxide by the beginning of 2025.

The Leadenhall Building is an award winner in the 2020 PFM Awards for Partners in sustainability

1. INTRODUCTION

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Listing Rules.

This report provides information on our policies, commitments and endeavours in relation to ESR issues of our operations in Hong Kong for the reporting year ended 31 December 2020. It focuses on our operations in Hong Kong, which were carried out from our offices situated at leased premises located in a commercial building in Wanchai.

COVID-19 was declared a global pandemic during the reporting year, presenting a significant global challenge and demanding the adoption of new virtual modes of communicating and working. In response to the pandemic, various temporary measures were implemented in our offices and aimed to prevent the spread of the virus and ensure the health and safety of our employees. Such measures included the following:

- maintaining rigorous criteria for return to work
- implementing work-from-home and split-team arrangements by allowing employees who can effectively do their jobs from home to telecommute
- implementing flexible work practices and shortening working hours to prevent employees from commuting during rush hours
- limiting face-to-face meetings in favour of virtual meetings
- limiting all business travel outside Hong Kong whenever possible

For disclosures on our corporate governance as required under the Listing Rules, please refer to the section headed "Corporate Governance Report" on pages 23 to 29.

2. OBJECTIVE

It is our primary objective regarding our ESR to promote sustainable development that meets our business goals without compromising the needs of the environment, society and economy. This coincides with our recognition that environmental, social and economic concerns are all indispensably linked to the businesses which we operate and our long-term development.

Our priority within the ESR scope is to incorporate such objective into our daily operation and to devise measures and monitoring system to enhance our sustainability performance as a part of our business development strategy. In meeting such objective, our ESR management approach and strategy, including the process used to evaluate, prioritise and manage material ESR-related issues (including risks to the Group's businesses) is aimed to ensure consistency and acceptable balances between our corporate actions and the interests of the environment, society and sustainable development.

The Board is responsible for overseeing the ESR management and reporting, providing strategic direction in achieving the Group's ESR objective and setting related policies.

3. ENVIRONMENTAL

3.1 Emissions

3.1.1 Greenhouse Gas Emissions

We are committed to reducing air and greenhouse gas ("GHG") emissions, discharges into water and land, generation of hazardous and non-hazardous waste in compliance with applicable laws and regulations.

Our offices do not involve any direct GHG emissions. During the reporting year, our total indirect GHG emissions were approximately 77.94 tonnes (2019: 100.3 tonnes) of carbon dioxide equivalent arising principally from our consumption of electricity, use of paper and business travel outside Hong Kong. The reduction in our indirect GHG emissions was primarily attributable to some of the temporary measures taken in response to the pandemic during the reporting year, resulting in lower electricity and paper consumption, and business trips outside Hong Kong compared to last year. Details of our GHG emissions are as follows:

Sources of GHG emission	GHG emission (in tonne CO_2-e)	GHG emission by scope (in tonne CO_2-e)
Direct emissions (Scope 1)	–	–
Indirect emissions (Scope 2)		71.80
– Electricity	71.80	
Other indirect emissions (Scope 3)		6.14
– Paper consumption	3.58	
– Business travel outside Hong Kong	2.56	

* *GHG emission is calculated according to the Reporting Guidance on Environmental key performance indicators published by the Stock Exchange.*

As a green initiative, we support the "Indoor Temperature Energy Saving Charter" to improve energy efficiency of our operations. Our employees are encouraged to reduce frequency of business trips by making use of alternative facilities such as telephone and video conferences instead of attending face-to-face meetings as and when practicable. In December 2020, the Group participated in supporting the "Hong Kong Green Building Week 2020", co-organised by Construction Industry Council and the Hong Kong Green Building Council. With a 7-day campaign themed "Green Buildings TEAM UP for a Zero-carbon Future", the campaign was aimed to bring the construction industry, the government and the public together for a zero-carbon future through green buildings.

3.1.2 Waste

Our offices do not involve the generation of any hazardous waste. Our major non-hazardous waste source pertains to general office waste including domestic waste and paper waste. Our domestic waste is disposed of by the relevant property management entities of the building in which our offices are located as part of their property management services. As a green initiative, we have set up designated collection points in the offices to collect recyclable paper waste whether generated internally or otherwise for recycling. During the reporting year, a total of 1.09 tonnes (2019: 1.41 tonnes) of recyclable paper waste had been collected. The decrease is likely attributable to the reduction of paper consumption during the reporting year and conservation awareness of our employees. In addition to recyclable paper waste, other office recyclable consumables, such as used toner cartridge will also be collected for proper recycling or disposal.

There are no particular environmental laws or regulations relating to GHG emissions, discharges into water and land, generation of hazardous and non-hazardous waste that are specifically applicable to our operations in Hong Kong. We are not aware of any non-compliance with other laws or regulations generally applicable to waste disposal arising from the operation of our offices during the reporting year.

3.2 Use of Resources

We strive to use our resources, particularly energy and paper being the two major categories of resources consumed in our offices, in an efficient manner by adhering to the principles of reducing, reusing and recycling. During the reporting year, we have consumed paper equivalent to a total of 290 reams (2019: 341 reams) of A4-size paper. As part of our use of resources efficiency initiatives, we encourage our employees to use electronic copies instead of printed copies of materials and to choose double-sided printing or copying options in order to reduce the use of paper wherever permissible.

During the reporting year, total electricity consumption of our offices was approximately 4.4 kWh per sqf (2019: 4.7 kWh per sqf) or 39.8 kWh per working hour (2019: 45.4 kWh per working hour), representing a total electricity consumption of approximately 88,637 kWh (2019: 100,083 kWh). Total electricity consumption per employee was approximately 1,406.9 kWh (2019: 1,614.2 kWh). The reduction of total electricity consumption of our offices per sqf, per working hour and per employee was primarily attributable to the various temporary measures taken in response to the pandemic during the reporting year in addition to our energy use efficiency initiatives that encourage our employees to switch off lights and electrical appliances whenever they are not in use. We also promote adoption of energy-efficient electrical appliances in our offices wherever applicable.

We use water mainly for drinking and general cleaning purposes in our offices. Total tap water consumption of our office during the reporting year was approximately 697 cubic metres (2019: 670 cubic metres), representing a total annual tap water consumption per employee of approximately 11.1 cubic metres (2019: 10.8 cubic metres). Despite our temporary work arrangements including telecommuting in response to the pandemic, enhanced office cleaning protocol was implemented resulting in the slight increase in the overall tap water consumption during the reporting year. We have also provided our employees with refillable bottled distilled water for drinking. During the reporting year, our offices consumed a total of approximately 0.5 cubic metre (2019: 0.7 cubic metre) of distilled water. All emptied bottles were collected by the supplier for reuse. A water filtration and purification system has been installed to provide our employees with filtered potable water as an alternative source for drinking consumption in order to reduce our reliance on bottled distilled water as part of our green initiatives. Accordingly, tap water has become the main source for our water consumption. During the reporting year, we have not encountered any issue in sourcing water that is fit for our day-to-day office use.

Our offices do not involve the use of any packaging materials for any finished products.

3.3 The Environment and Natural Resources

We are committed to minimizing the impact of our operations on the environment and natural resources. In addition to our initiatives aiming to use resources efficiently, we have adopted a policy of using environmentally friendly materials where applicable. Beginning from 2016, our interim and annual reports have been printed on Forest Stewardship Council certified papers. We have also implemented a number of green initiatives to raise our staff's conservation awareness. We have introduced measures of energy savings, waste less and low carbon living style through the workplace, including displaying prominent signs in conspicuous locations to remind staff of using energy and water more efficiently or reducing the amount of services used.

We understand the inevitable impact of property development and operations on climate and local environment, and as such, we opt for environmentally friendly architectural designs and operational measures wherever practicable to improve the environmental performance of our property development and investment.

3.4 The Climate Change

We are committed to identifying and mitigating the impact of climate change on our operations, to adapting our operations to climate change and to increasing our resilience to climate change through developing appropriate strategies and implementing appropriate processes and measures.

As a real estate developer, investor and owner, the primary source of physical risks associated with significant climate-related issues that may impact our operations are catastrophic events such as abnormal frequency and intensity of typhoons, earthquakes and rising sea and land temperatures and increasing sea level. Costs of insuring, maintaining, repairing damaged property could become costly. There are also other risks associated with progressive climate-related issues that could adversely affect property market development and property values in the long term. Regulatory compliance, financing, taxes and other expenses for investment and ownership could be increased as a result of additional government policies and regulations specifically formulated to address climate-related issues. We might encounter difficulties in sourcing essential resources such as energy and water for property development, which could become increasingly costly.

4. SOCIAL

4.1 Employment and Labour Practices

4.1.1 Employment

We believe that our employees are vital to our continual business success and are committed to the continuous development of our employees. We are committed to attracting, retaining and deploying the most suitable talent to support our growth.

We are also committed to adhering to relevant employment laws and regulations, adopting employment procedures and practices which promote fair treatment when dealing with our employees' compensation (including fringe benefits and welfare) and dismissal, recruitment and promotion, working hours and rest periods, providing equal opportunities, promoting diversity and fostering non-discrimination practices.

We have adopted remuneration policies setting out principles and guidance on remuneration of our directors and employees and a policy setting out the approach to achieve a diverse board. Further details of the remuneration policy for our directors and board diversity policy are set out in the section headed "Corporate Governance Report" on pages 23 to 29, and those of the remuneration policy for our employees are set out in the section headed "Directors' Report" on pages 30 to 35.

Our employees' compensation also includes a range of fringe benefits including medical and dental insurance coverage, paid annual leave, maternity leave and paternity leave. During festive occasions, we offer gifts to our employees for their sharing of the festive joy with their family.

We promote work life balance among our employees. During the reporting year, all recreational activities including Christmas party, annual dinner and birthday parties that have been organized each year to strengthen the bonding among our employees and promote their sense of belonging to the Company had been cancelled by following government guidance.

During the reporting year, we are not aware of any non-compliance with relevant laws and regulations, including the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong), relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare in relation to our operations.

4.1.2 Health and Safety

We strive to provide a safe working environment in our offices, free from any occupational hazards, to our employees in compliance with relevant laws and regulations relating to occupational safety and health.

We have taken steps to ensure a safe working environment in our offices such as cleaning of air-conditioning system and disinfection treatments of carpets on a regular basis. Fire safety of our offices is of paramount importance to us. Our employees are made aware of the means of escape in case of fire through participation in regular fire drills organized by the building management.

During the reporting year, various temporary measures have been implemented in response to the pandemic by reference to government guidance including: (i) enabling flexible work arrangements such as telecommuting and shortening working hours whenever possible; (ii) distributing surgical masks and making available hand sanitizer, liquid soap and disinfecting products to employees; (iii) increasing cleaning of high-touch areas and deep-cleaning of impacted areas; and (iv) encouraging employees to stay vigilant and take all appropriate health and safety measures in coordination with their managers. We will continue to monitor the situation and adapt our measures as needed following government guidance.

During the reporting year, we are not aware of any non-compliance with relevant laws and regulations relating to occupational safety and health that have a significant impact on our operations in Hong Kong relating to providing a safe working environment and protecting employees from occupational hazards in our offices.

4.1.3 Development and Training

We encourage our employees to improve their knowledge and skills for discharging duties at work through external and internal training opportunities that meet the needs of our business, at the Company's expenses.

We provide our Directors with regular updates on changes to and developments of the Group's business, and on the latest developments in the laws, rules and regulations relating to directors' duties and responsibilities to help them make informed decisions and discharge their duties and responsibilities as directors of the Company. In response to the pandemic, we have cancelled the annual training for our Directors during the reporting year. Instead, we have provided our Directors with reading and e-learning materials on topics relevant to their duties and encouraged them to join webinars for their continuous professional development during the reporting year. We also offer subsidies to our employees who attend training courses to assist them in further developing their job-related knowledge and skills. For a summary of training received by Directors, please refer to the section headed "Corporate Governance Report" on pages 23 to 29.

4.1.4 Labour Standards

We prohibit and are against the employment of child and forced labour.

During the reporting year, we are not aware of any non-compliance with relevant laws and regulations that have a significant impact on our operations relating to preventing child and forced labour including the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong), the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) and the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong).

4.2 Operating Practices

4.2.1 Supply Chain Management

We endeavour to extend our influence on our stakeholders for managing potential environmental and social risks of the supply chain and promote our ESR policies and practices among them.

We seek to work with our suppliers in pursuit of continuous improvement in social and environmental performance. We are also committed to ensuring that environmental considerations are an integral part of our project development through cooperation with our suppliers and contractors to provide high-quality properties and services to our customers.

4.2.2 Product Responsibility

We strive to adhere to applicable laws and regulations with regard to health and safety, advertising and labelling and privacy matters for products and services we offer in our business, and to maintain effective communication channels for redress.

As a data user, we undertake to comply with the requirements of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) to ensure that personal data kept are accurate, securely kept and used only for the purpose for which they have been collected.

We also protect our domain names and trademarks by adequate and timely registration to prevent their loss. Registration of all such domain names and trademarks is reviewed on an on-going basis and will be renewed upon their expiration.

During the reporting year, we are not aware of any material non-compliance with relevant laws and regulations that have a significant impact on our operations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided, including the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

4.2.3 Anti-corruption

We are committed to conducting our business in compliance with applicable laws and regulations against bribery, extortion, fraud and money laundering.

We have in place a code of conduct applicable to our directors and employees setting out the standards of behaviour that the Company expects from them, guidelines on how they should handle different situations in business dealings with the Group, and measures on bribery. We have also adopted a policy for employees to raise concerns about any improprieties, suspected misconduct or malpractice within the Group.

During the reporting year, we are not aware of any material non-compliance with relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering, including the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong) and the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong).

4.3 Community

4.3.1 Community Investment

We are committed to engaging in the community in which we operate so as to understand their needs and to ensure our activities taking into consideration the interests of our communities.

We make donations to various charitable organizations. During the reporting year, we had made a total of charitable contributions amounting to HK$480,000. We also encourage our staff to make personal donations to charities and participate in various charity events such as SPS Charity Walk & Carnival Walk 2020, Dress Casual Day of the Community Chest and China Resources Building – Annual Recycling Programme.

In addition, our London office has actively participated in charitable and events based activities to support the local communities.

London Mural Festival
In September 2020, The Leadenhall Building took part in the first ever London Mural Festival displayed publicly around the city. Two street artists were commissioned to paint the Public Space trumpets in their own unique designs. The festival brought more than 150 international and local artists together to provide accessible art to the community. These displays are in support of the art sector which has been widely impacted as a result of the COVID-19 pandemic.

London Mural Festival

Ashmole Primary School
Due to COVID-19, it has become apparent that the children need to be more computer literate. The Group has financially supported the School to the pupils who do not have the technology at home to enable them to gain access to the online work they need in order to continue their education.

Ashmole Primary School

The Leadenhall Building ("TLB"):

Despite a lively and ambitious calendar of events and occupier engagement activities planned for the year, events and engagement were scuppered by the global pandemic.

The events team instead curated a series of virtual webinars and group exercise classes. The newsletter was updated to include advice regarding working from home and how to best adapt to cope with the ongoing restrictions and change in working environment. These initiatives were well received by occupiers.

World Water Day
In March 2020 TLB ran a campaign to highlight the importance of World Water Day via giving away TLB branded water bottles to occupiers to encourage them to participate in the refill scheme of which on-site retailers will be worked with.

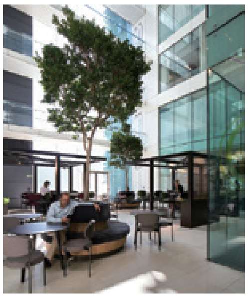
Eastern City Cluster
The Group has continued to be a member of the Eastern City Cluster Partnership (now known as EC Partnership), which is involved with a community focused Business Improvement District that has the local community at the heart of its ambition. Progress has been limited this year due to the COVID-19 pandemic, however moving forward this group of local developers, investors and businesses will collaborate to enhance this vibrant and exciting part of London.

Welcome Back Campaign: summer & autumn 2020
The core objective was to welcome back occupiers to the building after the first period of lockdown. A series of vinyls were created and produced on site to complement the London Mural Festival Project.

Welcome Back Campaign

One Kingdom Street ("OKS"):

All live events have been suspended while the nationwide lockdown continues. Various community/occupier engagement events were transition online. Including a Spanish for Business course which proved extremely popular amongst occupiers.



One Kingdom Street

Noxy Coffee X NHS
Due to the restrictions imposed following the spread of COVID-19, the majority of the large coffee chains who operated facilities across London's hospitals have had to close leaving hospital staff with limited access to vastly inadequate coffee.

Noxy (who operate the expresso bar in the reception at OKS) has setup one of its expresso bars in NHS Northwick Park hospital to provide free specialty, barista coffee to all 3,000 NHS staff every day at the hospital as they battle the pandemic.

Sponsors, customers and friends have also be encouraged to donate to raise money for the charity funds going toward those working on the front line. The Group has made a donation of £15,000.

1928 Project
The 1928 Project was conceived to raise money to buy M&S Food gift cards for staff working at St Mary's: doctors, nurses, cleaners, porters, pharmacists, maintenance teams, security, caterers and administrators. The team at St Mary's will be able to use the M&S gift cards to purchase food and essential products (in addition to the food donations they receive from local businesses and long-standing partners like M&S). There are three major M&S Food stores within a few minutes' walk of St Mary's, as well as over 100 M&S Food stores throughout Greater London.

1928 Project

The thousands of people working for the NHS at St Mary's are in the front line of the battle against COVID-19. As well as working tirelessly every day with COVID patients, these teams are also part of the effort to identify vaccines and effective testing to help roll back this pandemic.

St Mary's is one of London's largest teaching and research hospitals and one of London's major trauma centres. In addition to fighting COVID-19, it continues to provide a wide range of acute and specialist care, including its busy A&E and maternity units, as well as via its cancer, cardiology, medical and surgical wards.

Through discussions with Imperial College Healthcare NHS Trust and Imperial Health Charity highlighted a number of areas where The 1928 Project could provide additional support for staff wellbeing, including quality food for night staff, extra supplies of staff area provisions (such as tea and coffee) and improved rest areas. This project aims to support these wellbeing needs both now and in the future.

The Group donated £25,000 to this initiative.

The Company is committed to maintaining a high standard of corporate governance. The Board considers that sound corporate management and governance practices are essential to the Company's healthy growth under all business environments.

CORPORATE GOVERNANCE PRACTICES

During the year, the Company has complied with the code provisions of the CG Code.

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 year.

BOARD OF DIRECTORS

Chaired by Mr. Cheung Chung Kiu, the Board currently consists of five executive directors and three independent non-executive directors. Names and other biographical details of the members of the Board are set out under the heading of "Directors' Profile" on pages 4 to 5. The Board determines and keeps under review the objectives of the Group. It makes decisions on overall strategies and actions necessary for achieving these objectives, monitors and controls financial and operating performance, formulates appropriate policies, and identifies and ensures best practices of corporate governance. The current structure and composition of the Board have provided it with an appropriate mix of skills, knowledge, experience and diversity. The Board reviews its structure and composition from time to time to ensure that appropriate expertise and independence are maintained.

The Company has received confirmation from each director that he has given sufficient time and attention to the affairs of the Company during the year. Directors have also disclosed to the Company the changes, if any, in the number and nature of offices they hold in public companies or organizations and other significant commitment, including the identity of the public companies or organizations and an indication of the time involved.

Set out below are details of directors' attendance of meetings in 2020:

	Attendance/Number of meetings held				
Name of Directors	**Regular Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Nomination Committee Meeting**	**Annual General Meeting**
Executive Directors					
Cheung Chung Kiu *(Chairman)*	4/4	–	1/1	1/1	1/1
Lam How Mun Peter *(Deputy Chairman & Managing Director)*	4/4	–	1/1	1/1	1/1
Wong Chi Keung *(Deputy Chairman)*	4/4	–	–	–	1/1
Leung Chun Cheong	4/4	–	–	–	1/1
Leung Wai Fai	4/4	–	–	–	1/1
Independent Non-executive Directors					
Lam Kin Fung Jeffrey	4/4	3/3	1/1	1/1	1/1
Leung Yu Ming Steven	4/4	3/3	1/1	1/1	1/1
Wong Lung Tak Patrick	4/4	3/3	1/1	1/1	1/1

During 2020, the independent non-executive directors have met once with the Chairman without the presence of the executive directors, to consider and discuss various matters in respect of the management and corporate governance of the Company.

The Chairman takes the primary responsibility for ensuring that good corporate governance practices and procedures are established. He sets the agenda for the Board and takes the lead in the formulation of objectives, strategies and actions at the directorate level. He ensures that members of the Board receive accurate, timely and clear information, and that matters to be taken into consideration are given their due weight, so that sound decisions can be made. With the assistance of the Company Secretary, the Chairman ensures that the Board properly exercises its powers, holds its meetings and implements procedures in compliance with all rules and requirements, and full and proper records are maintained. Procedures are also put in place for each director to have access to supporting papers and relevant information for each scheduled meeting. All directors also have access to the services of the Company Secretary and her team, and may take independent professional advice upon request, at the Company's expense.

The day-to-day management of the Group is delegated by the Board to the Managing Director who is supported by the various committees of the Board and management of the Company for recommending strategies to the Board, and determining and implementing operational decisions. The Managing Director assumes full accountability for the day-to-day management of the Group. All committees of the Board have specific terms of reference clearly defining their respective powers and responsibilities. All committees are required by their terms of reference to report to the Board in relation to their decisions or recommendations. Through participating in the Company's board meetings and committees meetings, attending general meetings, and participating in continuous professional development, all directors are able to make contribution required from them to the Board and to the development of the Company.

The Company provides directors with regular updates on changes to and developments of the Group's business, and on the latest developments in the laws, rules and regulations relating to directors' duties and responsibilities to help them make informed decisions and discharge their duties and responsibilities as directors of the Company.

During 2020, all directors have participated in continuous professional development to develop and refresh their knowledge and skills as listed company directors. They have provided the Company with their records of the training they received for the year. A summary of the records is as follows:

Name of Directors	**Training Received**
Cheung Chung Kiu	Reading materials regarding updates on rules and regulations relating to listed companies, corporate governance, operation and management of listed companies and finance
Lam How Mun Peter	E-learning regarding updates on rules and regulations relating to listed companies, corporate governance and operation and management of listed companies; and reading materials regarding updates on rules and regulations relating to listed companies, corporate governance, operation and management of listed companies and finance
Wong Chi Keung	Attending webinars regarding corporate governance and relevant industry; e-learning regarding corporate governance; and reading materials regarding updates on rules and regulations relating to listed companies, corporate governance and relevant industry
Leung Chun Cheong	E-learning regarding updates on rules and regulations relating to listed companies, corporate governance, operation and management of listed companies, finance and relevant industry
Leung Wai Fai	E-learning regarding corporate governance, ethics and code of conduct, operation and management of listed companies, finance and relevant industry
Lam Kin Fung Jeffrey	E-learning regarding updates on rules and regulations relating to listed companies, corporate governance and finance; and reading materials regarding updates on rules and regulations relating to listed companies, corporate governance, operation and management of listed companies and finance
Leung Yu Ming Steven	Attending seminar regarding corporate governance and relevant industry; and e-learning regarding updates on rules and regulations relating to listed companies, corporate governance, finance and relevant industry
Wong Lung Tak Patrick	Attending webinars regarding finance and relevant industry; and e-learning regarding updates on rules and regulations relating to listed companies, corporate governance, ethics and code of conduct, operation and management of listed companies, finance and relevant industry

CHAIRMAN AND MANAGING DIRECTOR

The roles of Chairman and Managing Director are separate. The main responsibility of Chairman is to lead the Board and manage its work to ensure that it effectively operates and fully discharges its responsibilities. Supported by the members of the committees of the Board, Managing Director is responsible for the day-to-day management of the Group, recommending strategies to the Board, and determining and implementing operational decisions.

NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive directors an annual written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Board has reviewed their independence based on such confirmation and considers all of them remaining independent. All non-executive directors are appointed for a specific term of not more than three years and are subject to retirement by rotation and re-election at the annual general meeting at least once every three years pursuant to the Bye-laws.

BOARD COMMITTEES

The Board has set up the Executive Committee which comprises all executive directors on the Board. Under its terms of reference, the Executive Committee is responsible for overseeing the management and daily operations of the Group and any other matters delegated by the Board. In addition to the Executive Committee, the Board has set up the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board does not have a Corporate Governance Committee and its functions would be carried out by the Board as a whole.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive directors, Mr. Lam Kin Fung Jeffrey, Mr. Leung Yu Ming Steven and Dr. Wong Lung Tak Patrick. It is chaired by Mr. Lam Kin Fung Jeffrey. The major roles and functions of the Audit Committee are set out in its terms of reference which include duties specified in the CG Code and are posted on the Company's website in the section of "Corporate Governance" under the column of "Corporate Disclosure" and on the Stock Exchange's website.

The Audit Committee has reviewed together with the management and independent auditors the accounting policies and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including reviewing the Group's consolidated results for the year ended 31 December 2020. When reviewing the Company's interim and annual reports, the Audit Committee has focused not only on the impact of the changes in accounting policies and practices, but also on the compliance with applicable accounting standards, the Listing Rules and relevant legal requirements. It has also reviewed the financial statements before submission to the Board.

The Audit Committee has reviewed with the management, among other matters, the risk management and internal control systems covering all material controls, including financial, operational and compliance controls and risk management functions and the arrangements for employees to raise concerns in confidence about possible improprieties in financial reporting, internal control and other matters. The Audit Committee has reviewed the engagement of independent auditors and the effectiveness of the audit process.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises two executive directors, Mr. Cheung Chung Kiu and Dr. Lam How Mun Peter, and three independent non-executive directors, Mr. Lam Kin Fung Jeffrey, Mr. Leung Yu Ming Steven and Dr. Wong Lung Tak Patrick. It is chaired by Mr. Leung Yu Ming Steven. The major roles and functions of the Remuneration Committee are set out in its terms of reference which include duties specified in the CG Code and are posted on the Company's website in the section of "Corporate Governance" under the column of "Corporate Disclosure" and on the Stock Exchange's website.

The Remuneration Policy for executive directors of the Company is determined with reference to the Group's operating results, duties and level of responsibility of the executive directors and the prevailing market conditions which are reviewed annually in order to provide remuneration and compensation packages competitive to attract, retain and motivate high quality executives to serve the Group. The fee for non-executive directors is determined with reference to each of their duties and level of responsibility with the Company and is reviewed on an annual basis. Details of the directors' remuneration for 2020 are set out in note 9 to the financial statements on pages 75 to 76.

During 2020, the Remuneration Committee has assessed the performance of the executive directors, reviewed and discussed, among other matters, the remuneration packages (including the annual performance bonus policy) of the executive directors, the remuneration of the non-executive directors, the existing share option scheme, the retirement benefit scheme and the long-term incentive arrangement. It has also reviewed the Remuneration Policy and its implementation. Being given the delegated responsibility, the Remuneration Committee has determined the remuneration packages of the executive directors of the Company.

NOMINATION COMMITTEE

The Nomination Committee currently comprises two executive directors, Mr. Cheung Chung Kiu and Dr. Lam How Mun Peter, and three independent non-executive directors, Mr. Lam Kin Fung Jeffrey, Mr. Leung Yu Ming Steven and Dr. Wong Lung Tak Patrick. It is chaired by Mr. Cheung Chung Kiu. The major roles and functions of the Nomination Committee are set out in its terms of reference which include duties specified in the CG Code and are posted on the Company's website in the section of "Corporate Governance" under the column of "Corporate Disclosure" and on the Stock Exchange's website.

The Nomination Committee is responsible for the nomination of directors pursuant to the Nomination Policy adopted by the Company. The Nomination Committee may identify potential candidates from any source as it may consider appropriate including without limitation its own contacts, referrals and recommendations including from other directors, members of management, the Company's advisors, and intermediary agencies retained at the Company's expense. To be eligible for consideration, a potential candidate must submit such information as may be required by the Nomination Committee for consideration. The Nomination Committee or its representatives, together with any directors the Nomination Committee considers appropriate, may interview the potential candidate identified. The Nomination Committee shall take into account all of the following criteria when evaluating an individual for nomination or appointment as director:

i. whether the individual is qualified to serve as a director and, where applicable, will qualify as an independent non-executive director under applicable laws and regulations including the Listing Rules;
ii. whether the individual is willing and able to serve as a director and to commit sufficient time and attention to the affairs of the Company;
iii. whether and how the individual can contribute to the Board, taking into account such factors including without limitation the individual's business and professional experience and qualifications, skills, education, knowledge, character and integrity;
iv. potential conflict of interests;
v. the requirement for Board diversity in accordance with the Company's policy on Board diversity; and
vi. such other factors as the Nomination Committee may from time to time consider appropriate and in the best interests of the Company and its shareholders as a whole.

The Nomination Committee shall select or make recommendations to the Board on the selection of the most appropriate candidates for election or appointment, including the proposed terms and conditions of appointment.

The Company has adopted a Board Diversity Policy setting out the approach to achieve a diverse Board. Taking into account factors including the size of the Board, its composition of executive and non-executive directors, and the Company's principal activities and needs, election of candidates shall be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

During 2020, the Nomination Committee has reviewed and discussed, among other matters, (i) the structure, size and composition including the skills, knowledge, experience and diversity of the Board; (ii) the independence of independent non-executive directors of the Board; (iii) the re-appointment of directors and succession planning for directors; (iv) the recommendation for re-election of retiring directors; and (v) the Nomination Policy and the Board Diversity Policy and their implementation.

CORPORATE GOVERNANCE FUNCTION

The Board does not have a Corporate Governance Committee. The functions that would be carried out by a Corporate Governance Committee are performed by the Board as a whole and are as follows:

1. to develop and review the Company's policies and practices on corporate governance;
2. to review and monitor the training and continuous professional development of directors and senior management;
3. to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Corporate Governance Policy is formulated with an emphasis on the Board's quality, effective internal control, stringent disclosure practices and transparency and accountability to all shareholders of the Company. The Board strives to comply with the code provisions and reviews its Corporate Governance Policy regularly in order to maintain high standards of business ethics and corporate governance, and to ensure the full compliance of our operations with applicable laws and regulations.

During 2020, members of the Board have reviewed and discussed, among other things, the Company's policies and practices on corporate governance at regular board meetings. They have also reviewed and monitored the training and continuous professional development of directors, and the Company's policies and practices on compliance with legal and regulatory requirements as well as its disclosure in the Corporate Governance Report. The Board has reviewed the code of conduct applicable to employees and directors setting out the standards of behaviour that the Company expects from them and the guidelines on how they should handle different situations in business dealings with the Group.

INDEPENDENT AUDITORS' REMUNERATION

During 2020, the remuneration paid/payable to the Company's independent auditors, Messrs. Ernst & Young amounted to a total of HK$6,270,000, of which HK$5,500,000 was for audit services and HK$770,000 for non-audit services including agreed-upon procedures on the interim financial report and preliminary annual result announcement, and tax services.

COMPANY SECRETARY

The Company Secretary has undertaken not less than 15 hours of relevant professional training during 2020.

SHAREHOLDERS' RIGHTS

The following is a brief summary of certain rights of shareholders, which are subject to applicable laws and regulations, including without limitation, the Companies Act, the Listing Rules and the Bye-laws.

1. Convening special general meeting

Members of the Company may, by a written requisition, require the Directors to convene an SGM for the transaction of any business specified in such requisition. A valid requisition may be made by a member or members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company which at that date carries voting rights at general meetings of the Company. The requisition must state the purpose(s) of the requisitioned SGM, and must be signed by the requisitionist(s). The requisition may consist of several documents in like form each signed by one or more requisitionists, which must be deposited at the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. To ensure that it is received by the Company at the earliest opportunity, a copy of the signed requisition may also be deposited at the Company's principal place of business in Hong Kong at 25th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, for the attention of the Board or the Company Secretary.

If the Directors fail to proceed to convene an SGM within 21 days from the date of deposit of the requisition, the requisitionist(s) (or any of them representing more than one-half of their total voting rights) may himself/themselves convene an SGM, which must be held within 3 months of the date of deposit of the requisition. The SGM must be convened by the requisitionist(s) in the same manner as nearly as possible as that in which SGM is to be convened by the Directors. The requisitionist(s) is/are entitled to be repaid any reasonable expenses he/they incur(s) as a result of the failure of Directors duly to convene an SGM. These expenses will be payable by the Company and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration to such defaulting Directors in respect of their services.

2. Putting forward proposals at shareholders' meetings

Members of the Company may by a written requisition and at their expense (unless the Company otherwise resolves) require the Company to:

(a) give to members of the Company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at the next annual general meeting of the Company; and/or
(b) circulate to members of the Company entitled to receive notice of any general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that general meeting.

A valid requisition may be made by either:

(a) any number of members of the Company representing not less than one-twentieth of the total voting rights of all the members having at the date of the requisition the right to vote at the meeting to which the requisition relates; or
(b) not less than 100 members of the Company.

The requisition signed by the requisitionists (or two or more copies which between them bear the signatures of all the requisitionists) must be deposited at the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. To ensure that it is received by the Company at the earliest opportunity, a copy of the signed requisition may also be deposited at the Company's principal place of business in Hong Kong at 25th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, for the attention of the Board or the Company Secretary and,

(a) in the case of a requisition requiring notice of a resolution to be moved at an annual general meeting, not less than six weeks before the annual general meeting; and
(b) in the case of any other requisition, not less than one week before the general meeting.

The requisitionists must deposit or tender with the requisition a sum which is reasonably sufficient to meet the Company's expenses in giving effect to the requisition.

3. Proposing a person for election as director

Shareholders may propose a person for election as director, the procedures for which are available on the Company's website in the section of "Corporate Governance" under the column of "Corporate Disclosure".

4. Sending enquiries to the Board

Shareholders may send any enquiries to the Board by mail, email or telephone to the Company's Head of Investor Relations, whose contact details are as follows:

Address: 25th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong
Email: ccland@ccland.com.hk
Telephone: +852 2820 7315

INVESTOR RELATIONS

The Company has adopted a Shareholders Communication Policy. The use and effectiveness of such policy are monitored and reviewed regularly by the Board. The Company recognises the importance of shareholders' privacy and therefore will not disclose shareholders' information without their consent, unless required by law to do so. To achieve equal access to information on the Company's latest major developments, measures have been taken to ensure all necessary information and appropriate updates are made available to investors in a timely manner through the Company's website. In addition to financial reports, all announcements and circulars of the Company including results announcements, notices of general meetings and associated explanatory documents released by the Company to the Stock Exchange are posted on the Company's website under the column of "Corporate Disclosure". Other information such as presentation materials and press releases to be issued to shareholders and potential investors of the Company will also be made available on the Company's website. Shareholders should direct their questions about their shareholdings to the Company's share registrars. For enquiry about the information of the Company, shareholders may contact our Head of Investor Relations, whose contact details are set out under the heading of "Sending enquiries to the Board" above. Shareholders are encouraged to participate in the Company's general meetings where members of the Board will be available to answer their questions.

The Company has also adopted a Disclosure of Inside Information Policy. It sets out a framework for the release and control of inside information to ensure that the Company is able to meet its legal and regulatory obligations and requirements as a listed corporation. The Board is generally responsible for ensuring that the Group complies with its disclosure obligations regarding inside information and has established a disclosure group comprising certain directors and management to assist it in determining whether any particular information is inside information and overseeing and coordinating disclosure of inside information of the Group. Inside information should be disclosed by way of an announcement in accordance with the requirements of the SFO and the Listing Rules. Before relevant information is fully disclosed to the public, the disclosure group will help the Board to ensure that such information is kept strictly confidential.

The Company has adopted a Dividend Policy, which sets out the principle for determining the declaration or recommendation of dividends to Shareholders in such amount and manner, and at such time as may be determined or recommended by the Board from time to time but subject always to consideration of the following factors:

(a) the requirements of the Company's constitutional documents;
(b) the requirements of the Companies Act 1981 of Bermuda and any other applicable laws and regulations to which the Company is subject from time to time;
(c) any banking or other funding covenants by which the Group is bound from time to time;
(d) the operating requirements of the Group; and
(e) the interests of Shareholders.

The Board may take into consideration one or more of the following factors in determining the operating requirements of the Group referred to above:

(a) actual and expected financial results of the Group;
(b) liquidity, cashflow and gearing position of the Group;
(c) capital and other reserve requirements of the Group;
(d) position of retained earnings and other distributable reserves of the Group;
(e) general business conditions and strategies of the Group;
(f) general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
(g) any other factors the Board may deem relevant and/or appropriate.

The Company's constitutional documents are made available on the Company's website in the section of "Corporate Governance" under the column of "Corporate Disclosure" and on the Stock Exchange's website. During the year, there was no significant change in them.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the Group's risk management and internal control systems and for reviewing their effectiveness. The Board recognizes that the Group's risk management and internal control systems play a key role in the identification, evaluation and management of risks faced by the Group, the assurance of continued compliance with laws and regulations by the Group, and the provision of reasonable assurance on the Group against material misstatement, error, loss or fraud. The Board appreciates that the Group is exposed to risks in achieving its business objectives and strives to maintain such risks at acceptable level through the design, implementation and monitoring of effective risk management and internal control systems.

The risk management and internal control systems are established within the Company and its subsidiaries for facilitating effective operations, for safeguarding assets against unauthorized use, for maintaining proper accounting records, for ensuring the reliability of financial reporting and information, and for ensuring compliance with applicable laws and regulations. The establishment of risk management and internal control systems involves identifying the key functions carried out by the Group, the individual activities undertaken within those functions, the risks associated with each activity in achieving the Group's business objectives, evaluating the potential impact and acceptable level of such risks, developing and monitoring the effectiveness of procedures to manage and to minimise the identified risks, having regard to the particular circumstances of the Group including business operations, operating environment, compliance with applicable laws and regulations and financial reporting requirements. As part of the risk management and internal control systems, functional reporting and financial reporting procedures appropriate to the business of the Company's subsidiaries are established for application within the Group. These procedures are designed to enable timely and reliable functional and financial reporting by subsidiaries of the Company, and to facilitate proper handling and dissemination of inside information. A formal annual review of these procedures is carried out by the Board. In addition, the Board also receives updates from the Internal Audit department on areas that specifically affect the Company.

The Company has maintained an internal audit function which forms part of the permanent establishment of the Group and is internally resourced and staffed by qualified accounting personnel with suitable experience. The internal audit function carries out analysis and independent appraisal on the adequacy and effectiveness of the Group's risk management and internal control systems. These procedures are designed to manage rather than eliminate risk and, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board is responsible for ensuring that recommendations made by the internal audit function are properly implemented.

The Audit Committee has kept under review the Group's risk management and internal control systems and the effectiveness of the internal audit function. Based on its review, the Audit Committee advises the Board on the effectiveness of the Group's risk management and internal control systems, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

The Board has also conducted an annual review of the effectiveness of the Group's risk management and internal control systems, and considered the work of the internal audit function and advice from the Audit Committee in this regard. During the year under review, the Board considers that the Group has complied with the provisions on risk management and internal controls as stipulated in the CG Code. The Board is satisfied that the Group's risk management and internal control systems including financial, operational and compliance controls as appropriate to the Group have been put in place, effective and adequate, and that no significant areas of improvement have been revealed.

DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Board acknowledges that it is responsible for the preparation of financial statements of the Group and for ensuring that financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of financial statements of the Group. The directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company, Messrs. Ernst & Young, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 36 to 38.

Directors' Report

The Directors present their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries focus on property development and investment, as well as treasury investments, details of which are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2020 and the Group's financial position at that date are set out in the financial statements on pages 39 to 121.

The Directors recommend the payment of a final dividend of HK$0.02 per ordinary share in respect of the year to the shareholders on the Company's register of members at the close of business on 27 May 2021.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 122. The summary does not form part of the audited financial statements.

BUSINESS REVIEW

A fair review of the business of the Group during the year and a description of possible risks and uncertainties facing the Group are set out in Chairman's Statement on pages 6 to 7 and Management Discussion and Analysis on pages 8 to 14 respectively. No significant events affecting the Group have occurred subsequent to the reporting period. An indication of the likely future development in the Group's business is set out in the Chairman's Statement on pages 6 to 7 and Management Discussion and Analysis on pages 8 to 14 respectively. An analysis of the Group's performance during the year using financial key performance indicators is set out in the Financial Highlights on page 3 and the Five-Year Financial Summary on page 122. Discussions on the Group's environmental policies and performance, the Group's compliance with the relevant laws and regulations that have a significant impact on the Group, and an account of the Group's key relationships with its employees, customers and suppliers and others that have a significant impact on the Group and on which the Group's success depends are set out in Management Discussion and Analysis on pages 8 to 14, Environmental and Social Responsibilities Report on pages 16 to 22, Corporate Governance Report on pages 23 to 29 and "Major Customers and Suppliers" of this Directors' Report on page 31.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 31 to the financial statements.

PRE-EMPTIVE RIGHTS

There is no pre-emptive rights provision in the Companies Act or in the Bye-laws.

PERMITTED INDEMNITY

The Bye-laws provides that Directors and other officers shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts. Such provision was in force during the year. In addition, the Company has maintained appropriate directors' and officers' liability insurance in respect of relevant legal actions against the Directors and officers.

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

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

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 43 to the financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2020, the Company's reserves available for distribution to shareholders, calculated in accordance with the Companies Act, amounted to HK$257,747,000, of which HK$77,647,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account in the amount of HK$11,977,078,000 may be distributed in the form of fully paid bonus shares.

CHARITABLE CONTRIBUTIONS

During the year, the Group had made charitable contributions amounting to HK$480,000.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, revenue from the Group's five largest customers accounted for 52% of the Group's revenue and revenue from the largest customer included therein amounted to 16%. There was no purchase from suppliers by the Group during the year.

During the year, none of the Directors, their close associates or shareholders, who to the knowledge of the Directors own more than 5% of the Company's issued share capital, had any interest in any of the Group's five largest customers.

A discussion on our supply chain management relating to social and environmental performance was set out in "Environmental and Social Responsibilities Report" on pages 16 to 22.

DIRECTORS

The Directors during the year and for the period from 1 January 2021 to the date of this report were as follows:

Executive directors:

Mr. Cheung Chung Kiu *(Chairman)*
Dr. Lam How Mun Peter *(Deputy Chairman and 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

In accordance with Bye-law 87 of the Bye-laws, Mr. Wong Chi Keung, Mr. Leung Wai Fai and Mr. Lam Kin Fung Jeffrey will retire and, being eligible, have offered themselves for re-election at the AGM. All other Directors will continue to be in office.

The Company has received from each of the independent non-executive directors, Messrs. Lam Kin Fung Jeffrey, Leung Yu Ming Steven and Wong Lung Tak Patrick, an annual written confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Board has reviewed their independence based on such confirmation and considers all of them remaining independent.

DIRECTORS' BIOGRAPHIES

The Company has received the following notification from a Director relating to the change in his information:

Mr. Lam Kin Fung Jeffrey was appointed on 18 December 2020 as an Independent Non-executive Director of China Strategic Holdings Limited, the shares of which are listed on the Stock Exchange.

Updated biographical details of the Directors existing as at the date of this report are set out on pages 4 to 5.

DIRECTORS' SERVICE CONTRACTS

No Director offering for re-election at the AGM has a service contract with any company in the Group which is not terminable by such company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with the Director is or was materially interested in, either directly or indirectly, was subsisting during the year or at the end of the year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

REMUNERATION DETAILS

Details of the Directors' remuneration and the five highest-paid individuals in the Group are set out in notes 9 and 10 to the financial statements respectively.

REMUNERATION POLICY

The remuneration policy for employees of the Group is formulated based on the merit, qualifications, performance and competence of individual employee which are reviewed regularly in order to provide competitive compensation packages at market rates sufficient to reward satisfactory performance and attract, retain and motivate employees. The Company has adopted share option scheme as a long-term incentive to eligible employees and directors to recognize and reward their contribution to the Group, details of which are set out in note 35 to the financial statements. Remuneration policy for Directors is set out in Corporate Governance Report on pages 23 to 29.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 31 December 2020, 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 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, were as follows:

(a) Interests in shares of the Company (long positions)

Name of directors	Capacity in which interests are held	Number of shares held	Approximate percentage [4]
Cheung Chung Kiu	Interest of controlled corporation	2,478,915,906 [1]	63.85
Lam How Mun Peter	Beneficial owner	486,753	0.01
Leung Chun Cheong	Beneficial owner	667,000	0.02

(b) Interests in shares and debentures of the Company's associated corporation (long positions)

(i) Shares

Name of director	Name of associated corporation	Capacity in which interests are held	Number of shares held	Approximate percentage [4]
Cheung Chung Kiu	The Cross-Harbour Holdings Limited ("CHH") (stock code: 32)	Interest of controlled corporation	255,753,585 [2]	68.62

(ii) Debentures

Name of director	Name of associated corporation	Capacity in which interests are held	Amount of debentures held	Amount of debentures in same class in issue
Cheung Chung Kiu	Perfect Point Ventures Limited	Interest of controlled corporation	US$18,000,000 [3]	US$250,000,000

Notes:

1. Such Shares were held directly by Fame Seeker Holdings Limited, which was wholly-owned by Windsor Dynasty Limited ("Windsor Dynasty"), which was in turn wholly-owned by Cheung Chung Kiu ("Mr. Cheung").
2. Such Shares were held directly by Rose Dynamics Limited, which was wholly-owned by Windsor Dynasty.
3. Such debentures were held directly by Gold Faith Investments Limited, which was wholly-owned by Konco Limited, which was in turn wholly-owned by CHH.
4. Approximate percentage refers to the aggregate interests of a director in the shares of such company expressed as a percentage (rounded to two decimal places) of the issued share capital of such company as at 31 December 2020.

Save as disclosed above, as at 31 December 2020, 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Directors' and Chief Executive's Interests and Short Positions" above and "Share Options" below, and in the share option scheme disclosures set out in note 35 to the financial statements, at no time during the year was the Company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or any of their associates, had any rights to subscribe for shares of the Company, or had exercised any such rights during the year.

SHARE OPTIONS

The Company adopted a share option scheme on 29 April 2005 ("2005 Scheme"), which expired on 29 April 2015. There is no share option granted under the 2005 Scheme remaining outstanding as at 31 December 2020. Details of the 2005 Scheme were disclosed in the Company's circular dated 13 April 2005 and are set out in note 35 to the financial statements. Movements in share options under the 2005 Scheme during the year were set out below:

Name or category of participants	Number of share options						Date of grant[1]	Exercise period	Exercise Price[2]	Closing price immediately before date of grant
	At 1 January 2020	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	At 31 December 2020	(dd-mm-yyyy)	(dd-mm-yyyy)	HK$ per share	HK$ per share
Directors										
Lam How Mun Peter	21,853,469	–	–	–	21,853,469	0	03-09-2010	03-09-2010 to 02-09-2020	3.2624	3.19
	4,058,400	–	–	–	4,058,400	0	03-09-2010	01-01-2011 to 02-09-2020	3.2624	3.19
	25,911,869	–	–	–	25,911,869	0				
Leung Chun Cheong	1,521,900	–	–	–	1,521,900	0	03-09-2010	03-09-2010 to 02-09-2020	3.2624	3.19
Leung Wai Fai	3,043,800	–	–	–	3,043,800	0	03-09-2010	03-09-2010 to 02-09-2020	3.2624	3.19
	30,477,569	–	–	–	30,477,569	0				
Employees	10,146,000	–	–	–	10,146,000	0	03-09-2010	03-09-2010 to 02-09-2020	3.2624	3.19
	811,680	–	–	–	811,680	0	03-09-2010	01-01-2011 to 02-09-2020	3.2624	3.19
	10,957,680	–	–	–	10,957,680	0				
Others	4,870,080	–	–	–	4,870,080	0	03-09-2010	03-09-2010 to 02-09-2020	3.2624	3.19
Total	46,305,329	–	–	–	46,305,329	0				

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 and are set out in note 35 to the financial statements. No share options have been granted under the 2015 Scheme since its adoption and up to 31 December 2020.

EQUITY-LINKED AGREEMENTS

Save for the share option schemes described above, the Group has not entered into any equity-linked agreements during the year.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 31 December 2020, 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 shareholder	Capacity in which interests are held	Number of shares held	Approximate percentage [2]
Windsor Dynasty	Interest of controlled corporation	2,478,915,906 [1]	63.85

Notes:

1. Please refer to Note 1 to 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. 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 31 December 2020.

3. All of the interests disclosed above represent long positions.

Save as disclosed above, as at 31 December 2020, 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.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As far as the Directors aware, none of the Directors had any interests in business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group save as disclosed below.

Mr. Cheung is an executive director and substantial shareholder of Y. T. Realty Group Limited ("YTR") (stock code: 75). YTR is an investment holding company and the principal activities of its subsidiaries include property investment and property trading. Mr. Cheung is a director and/or substantial shareholder in certain private companies, which together with their subsidiaries engaged directly or indirectly in property investment and property management services businesses.

The Directors are aware of their fiduciary duties to the Company and that they must, in the performance of their duties as directors, avoid actual and potential conflicts of interest and duty, and not to profit themselves to the detriment of the Company. Further, there are provisions in the Bye-laws prohibiting a Director from voting, or being counted in the quorum, on any resolution of the Board approving any contract or arrangement or any other proposal in which the Director or any of his/her associate(s) is materially interested in except for certain permitted matters. The Board also has a sufficient number of independent non-executive directors to ensure that the interests of the general body of shareholders will be adequately represented. The Directors are therefore of the view that the Company is capable of carrying on the Group's business independently of, and at arm's length from, such business in which any Director is regarded as being interested and which may compete with the business of the Group.

RELATED PARTY TRANSACTIONS

During the year, the Group entered into certain transactions with parties regarded as "related parties" under the applicable accounting principles. Details of these transactions are set out in note 39 to financial statements.

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

On 9 October 2019, the Company was granted a 36-month term loan facility for an aggregate amount of HK$2,300,000,000 under a facility agreement, pursuant to which, it is (among other matters) an event of default if Mr. Cheung, save for certain exceptions, (i) directly or indirectly, is not or ceases to be the shareholder holding the largest shareholding of the Company; (ii) does not or ceases to hold beneficially (directly or indirectly) of 35% or more of the issued share capital of the Company (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital); or (iii) does not or ceases to have control of the Company. Upon the occurrence of an event of default which is continuing, commitments of the lenders or any part thereof under the facility agreement may immediately be cancelled, and/or all or any part of the loans under the facility, together with accrued interest, and all other amounts accrued or outstanding under the facility agreement and other ancillary finance documents may become immediately due and payable, and/or all or any part of the loans under the facility may become payable on demand.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

The Group had provided financial assistance to, and guarantee for, affiliated companies in the aggregate amount of HK$6,157,938,000, which represented approximately 18.0% of the Group's total assets as at 31 December 2020.

In accordance with the requirement under Rule 13.22 of the Listing Rules, the pro forma combined balance sheet of those affiliated companies as at 31 December 2020 is presented below:

	Combined balance sheet HK$'000
Non-current assets	1,571,580
Current assets	24,338,405
Current liabilities	(7,566,456)
Non-current liabilities	(6,759,364)
Net assets	11,584,165
Share capital	4
Reserves	11,578,297
Non-controlling interests	5,864
Total Equity	11,584,165

As at 31 December 2020, the consolidated attributable interest of the Group in these affiliated companies amounted to HK$5,163,385,000.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float throughout the year and up to the date of this report as required under the Listing Rules.

INDEPENDENT AUDITORS

Ernst & Young will retire and a resolution for their re-appointment as independent auditors of the Company will be proposed at the AGM.

On behalf of the Board

Cheung Chung Kiu
Chairman

Hong Kong, 22 March 2021

To the shareholders of C C Land Holdings Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of C C Land Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 39 to 121, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuations of investment properties	
As at 31 December 2020, the Group's investment properties amounted to HK$15,327,772,000 and were measured at fair value. The fair values of the investment properties were determined based on valuations performed by a professional external valuer. Significant estimation is required to determine the fair values of investment properties, which reflect market conditions at the end of the reporting period. Management engaged an external valuer to perform valuations on these investment properties at the end of the reporting period and in the absence of current prices in an active market for similar properties, the external valuer considered information from a variety of sources such as the estimated rental value of the relevant properties and made assumptions about the equivalent yield. The accounting estimates and disclosures of valuations of investment properties are included in notes 3 and 15 to the consolidated financial statements, respectively.	Our audit procedures to assess the valuations of investment properties included the following: • obtaining and reviewing the valuation reports prepared by the external valuer engaged by the Group; • assessing the external valuer's qualifications, experience and expertise and considering its objectivity and independence; • involving our internal valuation specialists to assist us to assess the valuation methodologies applied and the key assumptions and estimates including the estimated rental value and equivalent yield adopted in the valuations; • comparing property-related data used as inputs for the valuations with underlying lease agreements and related documentation; and • assessing the adequacy of the disclosures of the valuations of the investment properties in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Mr. CHUNG, Ho Ling.

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

22 March 2021

	Notes	2020 HK$'000	2019 HK$'000
REVENUE:			
Interest income	5	**106,403**	89,116
Revenue from other sources	5	**482,412**	475,520
Total revenue		**588,815**	564,636
Cost of services provided		**(3,431)**	(9,341)
Gross profit		**585,384**	555,295
Other income and gains, net	5	**781,819**	502,842
Administrative expenses		**(343,230)**	(384,899)
Reversal of impairment losses on financial assets, net	8	**957**	13,978
Other expenses	6	**(116,175)**	(110,643)
Finance costs	7	**(374,096)**	(278,426)
Share of profits and losses of:			
Joint ventures		**71,547**	136,532
Associates		**15,995**	(32,913)
PROFIT BEFORE TAX	8	**622,201**	401,766
Income tax credit/(expense)	11	**(34,033)**	12,257
PROFIT FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		**588,168**	414,023
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic and diluted		**HK15.15 cents**	HK10.66 cents

Consolidated Statement of Comprehensive Income

Year ended 31 December 2020

	Notes	**2020 HK$'000**	2019 HK$'000
PROFIT FOR THE YEAR		**588,168**	414,023
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Debt investments at fair value through other comprehensive income:			
Changes in fair value		**10,843**	11,998
Reclassification adjustment for gains/losses included in the consolidated statement of profit or loss			
– impairment losses/(reversal of impairment losses), net	19	**4,156**	(59)
– gain on redemption		**(3,875)**	(1,163)
		11,124	10,776
Exchange differences:			
Translation of foreign operations		**500,654**	230,004
Hedges of net investments in foreign operations – effective portion of changes in fair value of hedging instruments during the year		**–**	(45,205)
		500,654	184,799
Share of other comprehensive income of joint ventures		**23,265**	47,453
Share of other comprehensive loss of associates		**(13,163)**	(1,604)
Release of other comprehensive income of an associate upon disposal of a subsidiary	34	**–**	19,660
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**521,880**	261,084
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Equity investments at fair value through other comprehensive income:			
Changes in fair value		**1,875,484**	(214,562)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		**1,875,484**	(214,562)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**2,397,364**	46,522
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		**2,985,532**	460,545

	Notes	2020 HK$'000	2019 HK$'000
NON-CURRENT ASSETS			
Property and equipment	14	**249,204**	301,405
Investment properties	15	**15,327,772**	14,902,298
Golf club membership		**10,540**	10,540
Investments in joint ventures	17	**4,700,270**	2,589,186
Investments in associates	18	**517,938**	574,221
Financial assets at fair value through other comprehensive income	19	**2,842,090**	816,872
Financial assets at fair value through profit or loss	20	**1,850,497**	605,720
Prepayments, deposits and other receivables	23	**5,567**	8,052
Derivative financial instruments	27	**–**	3,247
Deferred tax assets	30	**986**	2,312
Total non-current assets		**25,504,864**	19,813,853
CURRENT ASSETS			
Trade receivables	21	**13,557**	9,449
Loans and interest receivables	22	**309,169**	899,140
Prepayments, deposits and other receivables	23	**1,230,374**	1,180,852
Financial assets at fair value through other comprehensive income	19	**955,430**	198,615
Financial assets at fair value through profit or loss	20	**375,023**	300,980
Prepaid income tax		**2,558**	4,107
Deposits with brokerage companies	24	**10,267**	10,394
Pledged deposits	25	**26,427**	965,000
Restricted bank balances	25	**194,475**	67,088
Cash and cash equivalents	25	**5,518,383**	6,029,457
Total current assets		**8,635,663**	9,665,082
CURRENT LIABILITIES			
Other payables and accruals	26	**475,018**	312,542
Interest-bearing bank borrowings	28	**535,668**	1,053,549
Tax payable		**761,246**	768,185
Total current liabilities		**1,771,932**	2,134,276
NET CURRENT ASSETS		**6,863,731**	7,530,806
TOTAL ASSETS LESS CURRENT LIABILITIES		**32,368,595**	27,344,659
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	28	**9,936,900**	7,894,382
Notes payable	29	**1,928,892**	1,922,845
Other payables	26	**10,552**	20,716
Derivative financial instruments	27	**77,632**	–
Deferred tax liabilities	30	**346**	328
Total non-current liabilities		**11,954,322**	9,838,271
Net assets		**20,414,273**	17,506,388
EQUITY			
Issued capital	31	**388,233**	388,233
Reserves	32	**20,026,040**	17,118,155
Total equity		**20,414,273**	17,506,388

Cheung Chung Kiu
Director

Lam How Mun Peter
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2020

		Attributable to ordinary equity holders of the Company							
	Notes	Issued capital HK$'000	Share premium account HK$'000	Exchange fluctuation reserve** HK$'000	Fair value reserve (recycling) HK$'000	Fair value reserve (non-recycling) HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total equity HK$'000
At 1 January 2019		388,233	11,977,078	(167,262)	(22,071)	734,924	165,272	4,047,316	17,123,490
Profit for the year		–	–	–	–	–	–	414,023	414,023
Other comprehensive income/(loss) for the year:									
Debt investments at fair value through other comprehensive income:									
Changes in fair value		–	–	–	11,998	–	–	–	11,998
Reclassification adjustment for gains included in the consolidated statement of profit or loss									
– reversal of impairment losses, net		–	–	–	(59)	–	–	–	(59)
– gain on redemption		–	–	–	(1,163)	–	–	–	(1,163)
Equity investments at fair value through other comprehensive income:									
Changes in fair value		–	–	–	–	(214,562)	–	–	(214,562)
Share of other comprehensive income of joint ventures		–	–	47,453	–	–	–	–	47,453
Share of other comprehensive loss of associates		–	–	(1,604)	–	–	–	–	(1,604)
Release of other comprehensive income of an associate upon disposal of a subsidiary	34	–	–	19,660	–	–	–	–	19,660
Exchange differences:									
Translation of foreign operations		–	–	230,004	–	–	–	–	230,004
Hedges of net investments in foreign operations									
– effective portion of changes in fair value of hedging instruments during the year	42	–	–	(45,205)	–	–	–	–	(45,205)
Total comprehensive income/(loss) for the year		–	–	250,308	10,776	(214,562)	–	414,023	460,545
Final 2018 dividend approved		–	–	–	–	–	–	(77,647)	(77,647)
Lapse of share options	35	–	–	–	–	–	(26,453)	26,453	–
Reclassification adjustment for a gain on disposal of equity investments at fair value through other comprehensive income	19(i)	–	–	–	–	(51,885)	–	51,885	–
At 31 December 2019		388,233	11,977,078*	83,046*	(11,295)*	468,477*	138,819*	4,462,030*	17,506,388

		Attributable to ordinary equity holders of the Company								
	Note	Issued capital HK$'000	Share premium account HK$'000	Exchange fluctuation reserve** HK$'000	Cash flow hedge reserve HK$'000	Fair value reserve (recycling) HK$'000	Fair value reserve (non-recycling) HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total equity HK$'000
At 1 January 2020		388,233	11,977,078	83,046	–	(11,295)	468,477	138,819	4,462,030	17,506,388
Profit for the year		–	–	–	–	–	–	–	588,168	588,168
Other comprehensive income/(loss) for the year:										
Debt investments at fair value through other comprehensive income:										
Changes in fair value		–	–	–	–	10,843	–	–	–	10,843
Reclassification adjustment for gains/losses included in the consolidated statement of profit or loss										
– impairment losses, net		–	–	–	–	4,156	–	–	–	4,156
– gain on redemption		–	–	–	–	(3,875)	–	–	–	(3,875)
Equity investments at fair value through other comprehensive income:										
Changes in fair value		–	–	–	–	–	1,875,484	–	–	1,875,484
Share of other comprehensive income of joint ventures		–	–	23,265	–	–	–	–	–	23,265
Share of other comprehensive loss of associates		–	–	377	(13,540)	–	–	–	–	(13,163)
Exchange differences:										
Translation of foreign operations		–	–	500,654	–	–	–	–	–	500,654
Total comprehensive income/(loss) for the year		–	–	524,296	(13,540)	11,124	1,875,484	–	588,168	2,985,532
Final 2019 dividend approved		–	–	–	–	–	–	–	(77,647)	(77,647)
Lapse of share options	35	–	–	–	–	–	–	(138,819)	138,819	–
At 31 December 2020		388,233	11,977,078*	607,342*	(13,540)*	(171)*	2,343,961*	–*	5,111,370*	20,414,273

* These reserve accounts comprise the consolidated reserves of HK$20,026,040,000 (2019: HK$17,118,155,000) in the consolidated statement of financial position.

** The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations.

Consolidated Statement of Cash Flows

Year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**622,201**	401,766
Adjustments for:			
Depreciation of owned assets	8	**36,437**	29,424
Depreciation of right-of-use assets	8	**21,307**	21,731
Reversal of impairment losses on financial assets, net	8	**(957)**	(13,978)
Finance costs	7	**374,096**	278,426
Share of profits and losses of joint ventures		**(71,547)**	(136,532)
Share of profits and losses of associates		**(15,995)**	32,913
Interest income from debt investments	5	**(74,239)**	(47,107)
Interest income from loans receivable	5	**(32,164)**	(42,009)
Interest income from an amount due from an associate	5	**(97,350)**	–
Dividend income from listed equity investments	5	**(1,422)**	(4,419)
Bank interest income	5	**(47,574)**	(89,895)
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	5, 6	**(445,697)**	5,661
Fair value losses on derivative financial instruments – transactions not qualifying as hedges	6	**76,738**	68,306
Fair value losses on ineffectiveness of hedges of net investments in foreign operations	6	**–**	18,311
Fair value losses/(gains) on investment properties, net	15	**39,437**	(165,297)
Gains on disposal of financial assets at fair value through profit or loss, net	5	**–**	(105,565)
Gain on redemption of debt investments at fair value through other comprehensive income	5	**(3,875)**	(1,163)
Loss/(gain) on disposal of items of property and equipment	5, 6	**(48)**	37
Gain on disposal of subsidiaries	5	**–**	(140,290)
Lease incentives	15	**43,384**	64,300
		422,732	174,620
Increase in trade receivables		**(3,586)**	(3,536)
Decrease/(increase) in loans and interest receivables		**595,115**	(321,930)
Decrease/(increase) in prepayments, deposits and other receivables		**103,387**	(17,272)
Decrease/(increase) in financial assets at fair value through profit or loss		**(497)**	37,234
Decrease in deposits with brokerage companies		**127**	844
Decrease/(increase) in restricted bank balances		**(118,458)**	78,214
Increase/(decrease) in other payables and accruals		**62,921**	(130,467)
Cash generated from/(used in) operations		**1,061,741**	(182,293)
Interest received		**72,396**	103,537
Dividends received		**1,422**	4,419
Tax refunded/(paid), net		**(50,026)**	1,930
Interest paid		**(346,556)**	(245,458)
Net cash flows from/(used in) operating activities		**738,977**	(317,865)

Consolidated Statement of Cash Flows

Year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Net cash flows from/(used in) operating activities		**738,977**	(317,865)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries that are not a business	33	**–**	(73,785)
Proceeds from disposal of subsidiaries	34	**316,570**	330,864
Return of capital from joint ventures		**342,249**	226,804
Investments in joint ventures		**(1,842,820)**	(599,197)
Dividend received from a joint venture		**53,197**	195,918
Investments in associates		**(50,000)**	(118,036)
Increase in an amount due from an associate		**(586,458)**	–
Advance to a joint venture partner for the establishment of an associate		**–**	(310,064)
Distribution received from associates		**109,737**	90,172
Decrease in pledged deposits		**939,979**	362,500
Additions to an investment property	15	**(3,602)**	(315)
Purchases of items of property and equipment	14	**(1,147)**	(42,342)
Purchases of debt investments at fair value through other comprehensive income		**(1,066,594)**	–
Purchases of financial assets at fair value through profit or loss		**(873,985)**	(69,928)
Interest received from bank deposits		**47,574**	85,852
Proceeds from disposal of items of property and equipment		**2,290**	448
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		**–**	67,334
Proceeds from redemption of debt investments at fair value through other comprehensive income		**195,688**	78,663
Proceeds from disposal of financial assets at fair value through profit or loss		**9,301**	928,272
Proceeds from the termination of forward currency contracts		**–**	11,780
Net cash flows from/(used in) investing activities		**(2,408,021)**	1,164,940
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of notes payable	29	**–**	1,919,392
Principal portion of lease payments		**(18,905)**	(18,745)
Dividends paid		**(77,647)**	(77,647)
New bank borrowings		**4,058,086**	2,518,767
Repayment of bank borrowings		**(2,833,080)**	(3,842,769)
Net cash flows from financing activities		**1,128,454**	498,998
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(540,590)**	1,346,073
Cash and cash equivalents at beginning of year		**6,029,457**	4,701,508
Effect of foreign exchange rate changes, net		**29,516**	(18,124)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**5,518,383**	6,029,457
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**5,467,048**	4,379,539
Non-pledged time deposits with original maturity of less than three months when acquired		**51,335**	1,649,918
Cash and cash equivalents as stated in the consolidated statement of cash flows		**5,518,383**	6,029,457

1. CORPORATE AND GROUP INFORMATION

C C Land Holdings Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended). The address of the principal place of business of the Company is 25th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

(i) property development and investment; and

(ii) treasury investment.

In the opinion of the directors of the Company, the immediate holding company of the Company is Fame Seeker Holdings Limited, which is incorporated in the British Virgin Islands ("BVI"), and the ultimate holding company of the Company is Windsor Dynasty Limited, which is incorporated in the BVI.

Information about subsidiaries

Particulars of the Company's principal subsidiaries as at 31 December 2020 are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
C C Land Finance Limited	Hong Kong	Ordinary HK$2	100	Treasury investment
C C Land Management Limited	Hong Kong	Ordinary HK$1	100	Corporate management
C C Land Portfolio Inc.#	BVI	Ordinary US$1	100	Treasury investment
Captain Fantastic Limited#	BVI	Ordinary US$1	100	Investment holding
Classical Noble Limited#	BVI	Ordinary US$1	100	Investment holding
Ever Channel Investments Limited#	BVI	Ordinary US$1	100	Investment holding
Everwin Global Holdings Limited#	BVI	Ordinary US$1	100	Investment holding
Fancy Style Investments Limited ("Fancy Style")#	BVI	Ordinary US$200	100	Vessel management
Fortune Point Holdings Limited####	BVI/United Kingdom	Ordinary US$1	100	Property investment
Fortune Sail International Limited####	BVI/United Kingdom	Ordinary US$1	100	Property investment
Global Palace Investments Limited	BVI/Hong Kong	Ordinary US$1,000	100	Property holding
Green Charm Investments Limited#/####	BVI	Ordinary US$1	100	Investment holding
Honour Sky Holdings Limited#	BVI	Ordinary US$1	100	Investment holding
Join Wise Enterprises Limited	Hong Kong	Ordinary HK$1	100	Treasury management
Jubilee Summer Limited#	BVI	Ordinary US$1	100	Investment holding

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2020 are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Marvel Leader Investments Limited ("Marvel Leader")#	BVI	Ordinary US$50,000	100	Investment holding
Massive Vast Group Limited#	BVI	Ordinary US$1	100	Investment holding
Mega Star International Investment Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Mighty Gain Enterprises Limited ("Mighty Gain")#	BVI	Ordinary US$1	100	Investment holding
Novel Sky International Limited#	BVI	Ordinary US$1	100	Investment holding
Oceanic Front Limited ("Oceanic Front")#	BVI	Ordinary US$2	100	Vessel investment
Perfect Gain Enterprises Limited#	BVI	Ordinary US$1	100	Treasury investment
Perfect Point Ventures Limited#	BVI	Ordinary US$1	100	Treasury management
Profit Vast Investment Limited	Hong Kong	Ordinary HK$1	100	Treasury investment
Season Fit Limited#	BVI	Ordinary US$1	100	Investment holding
Smart Harmony Developments Limited#	BVI	Ordinary US$1	100	Investment holding
Sun Vessel Global Limited ("Sun Vessel")#	BVI	Ordinary US$200	100	Yacht investment
Universal Mission Limited#	BVI	Ordinary US$1	100	Investment holding
Win Mount Development Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Worthwell Investments Limited	BVI/ Hong Kong	Ordinary US$50,000	100	Treasury investment

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2020 are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Chengdu Hui Fan Yue Sheng Enterprise Management Consulting Co., Ltd*/### (成都滙帆悅昇企業管理有限公司)	The People's Republic of China ("PRC")/Mainland China	RMB10,000,000	100	Investment holding
Sichuan Zhong Yu Real Estate Company Limited*/## (四川中渝置地有限公司)	PRC/Mainland China	Registered US$15,000,000	100	Property development and investment
Tibet Huixing Yuejing Corporate Management Services Limited*/### (西藏滙星悅景企業管理服務有限公司)	PRC/Mainland China	Registered RMB20,000,000	100	Investment holding and management

\# These companies have no specific principal place of operations.

\## This company is registered as a wholly-foreign-owned enterprise under PRC law.

\### These companies are registered as limited liability companies under PRC law.

\#### At 31 December 2020, the equity interests of these companies were pledged to certain banks to secure bank borrowings of HK$8,177,899,000 (2019: HK$7,962,101,000) granted to the Group (note 28).

* The English names of these companies are not official. They are direct translations from the Chinese names and are for identification purposes only.

Except for Marvel Leader and Mighty Gain, the equity interests of all principal subsidiaries are indirectly held by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

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 ("HKICPA"), 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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*COVID-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The nature and the impact of the Conceptual Framework for Financial Reporting 2018 and the revised HKFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts of requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendment to HKFRS 16 provides a 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. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The Group has early adopted the amendment on 1 January 2020 and the amendments did not have any impact on the financial position and performance of the Group.

(e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

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 RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount 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. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate ("HIBOR") and the London Interbank Offered Rate ("LIBOR") as at 31 December 2020. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs *(continued)*

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivative financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair value measurement *(continued)*

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties *(continued)*

A party is considered to be related to the Group if: *(continued)*

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Owned assets

Buildings	2% or over the unexpired terms of the leases if less than 50 years
Leasehold improvements	20% or over the unexpired terms of the leases if less than 5 years
Furniture, fixtures and equipment	10% to 20%
Motor vehicles	20% to 25%
Vessel and yacht	20%

Right-of-use assets

Leasehold land	2% or over the unexpired terms of the leases if less than 50 years
Office properties	Over the lease terms

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and equipment and depreciation *(continued)*

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Golf club membership

Golf club membership acquired is measured on initial recognition at cost and its useful life is assessed to be indefinite.

Golf club membership is tested for impairment annually and not amortised. It is considered as having an indefinite useful life as there is no time limit for which the Group can use the membership, and therefore it will not be amortised until its useful life is determined to be finite upon reassessment annually. Accordingly, its useful life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*
Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis as detailed in the *Property and equipment and depreciation* policy above.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessee *(continued)*

(b) *Lease liabilities*

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

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

The Group's lease liabilities are included in other payables and accruals.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of office properties and staff quarters (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying assets to the lessee, other than legal title, are accounted for as finance leases.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, 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. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Financial assets designated at fair value through other comprehensive income (equity investments) *(continued)*

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as revenue in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates, if and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. 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, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be 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. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include financial liabilities included in other payables and accruals, financial guarantee contracts, notes payable and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise and settle the liabilities simultaneously.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or

- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.

- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.

- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derivative financial instruments and hedge accounting *(continued)*

Initial recognition and subsequent measurement *(continued)*

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised in profit or loss on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Revenue from other sources

(i) Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred;

(ii) Dividend income is recognised when the shareholders' right to receive payment has been established; and

(iii) Income from the sale of listed securities is recognised on the trade date.

Share-based payments

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 35 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or services conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Schedule.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in central pension schemes operated by the local municipal governments. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension schemes.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcome that could require a material adjustment to the carrying amount of the assets or liabilities in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Estimation of fair value of investment properties

The fair values of the Group's investment properties are determined by independent valuers on an open market, existing use basis. In making the judgement of the determination of the fair values, consideration has been given to assumptions that are mainly based on market conditions existing at the end of the reporting period, such as the estimated rental value of the relevant properties and appropriate capitalisation rates. Relevant estimates are regularly compared to actual market data. More details are given in note 15 to the financial statements.

4. 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 2020

	Property development and investment HK$'000	Treasury investment HK$'000	Total HK$'000
Segment revenue (note 5)			
Revenue from external customers	480,990	107,825	588,815
Segment results	574,067	485,796	1,059,863
Corporate and unallocated expenses			(63,566)
Finance costs			(374,096)
Profit before tax			622,201
Other segment information:			
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

4. OPERATING SEGMENT INFORMATION *(continued)*

Reportable segment information *(continued)*

Year ended 31 December 2019

	Property development and investment HK$'000	Treasury investment HK$'000	Total HK$'000
Segment revenue (note 5)			
Revenue from external customers	477,140	87,496	564,636
Segment results	645,751	114,548	760,299
Corporate and unallocated expenses			(80,107)
Finance costs			(278,426)
Profit before tax			401,766
Other segment information:			
Share of profits/(losses) of:			
Joint ventures	136,532	–	136,532
Associates	(32,913)	–	(32,913)
Capital expenditure in respect of items of property and equipment	42,342	–	42,342
Depreciation	51,155	–	51,155
Fair value losses on derivative financial instruments – transactions not qualifying as hedges	68,306	–	68,306
Fair value losses on ineffectiveness of hedges of net investment in foreign operations	18,311	–	18,311
Fair value gains on investment properties, net	165,297	–	165,297
Fair value losses on financial assets at fair value through profit or loss, net	–	5,661	5,661
Reversal of impairment losses/(impairment losses) on financial assets, net	(1,735)	15,713	13,978
Investments in joint ventures	2,589,186	–	2,589,186
Investments in associates	574,221	–	574,221

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	2020 HK$'000	2019 HK$'000
United Kingdom	**480,990**	477,140
Mainland China	**1,290**	132
Hong Kong	**106,535**	87,364
	588,815	564,636

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

(b) Non-current assets

	2020 HK$'000	2019 HK$'000
United Kingdom	**19,705,504**	17,206,199
Mainland China	**70,815**	205,134
Hong Kong	**699,845**	727,320
Australia	**329,560**	241,871
	20,805,724	18,380,524

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$94,938,000, HK$79,778,000 and HK$62,744,000 (2019: HK$95,003,000, HK$72,515,000 and HK$57,290,000) were derived from three (2019: three) tenants in the property development and investment segment.

5. REVENUE, OTHER INCOME AND GAINS, NET

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

	2020 HK$'000	2019 HK$'000
Revenue		
Interest income		
Interest income from debt investments	**74,239**	47,107
Interest income from loans receivable	**32,164**	42,009
	106,403	89,116
Revenue from other sources		
Gross rental income from investment property operating leases:		
Variable lease payments that do not depend on an index or a rate	**539**	5,565
Other lease payments, including fixed payments	**480,451**	471,575
	480,990	477,140
Losses on disposal of financial assets at fair value through profit or loss, net	**–**	(6,039)
Dividend income from listed equity investments	**1,422**	4,419
	482,412	475,520
	588,815	564,636
Other income and gains, net		
Bank interest income	**47,574**	89,895
Interest income from an amount due from an associate	**97,350**	–
Fair value gains on financial assets at fair value through profit or loss, net	**445,697**	–
Exchange gains, net	**187,229**	–
Fair value gains on investment properties, net (note 15)	**–**	165,297
Gains on disposal of financial assets at fair value through profit or loss, net	**–**	105,565
Gain on disposal of subsidiaries (note 34)	**–**	140,290
Gain on redemption of debt investments at fair value through other comprehensive income	**3,875**	1,163
Gain on disposal of items of property and equipment	**48**	–
Others	**46**	632
	781,819	502,842

6. OTHER EXPENSES

An analysis of other expenses is as follows:

	2020 HK$'000	2019 HK$'000
Fair value losses on investment properties, net (note 15)	**39,437**	–
Fair value losses on derivative financial instruments – transactions not qualifying as hedges	**76,738**	68,306
Fair value losses on financial assets at fair value through profit or loss, net	**–**	5,661
Fair value losses on ineffectiveness of hedges of net investments in foreign operations	**–**	18,311
Exchange losses, net	**–**	18,328
Loss on disposal of items of property and equipment	**–**	37
	116,175	110,643

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 HK$'000	2019 HK$'000
Interest on bank borrowings	**243,643**	202,826
Interest on notes payable	**129,126**	73,708
Interest on lease liabilities	**1,327**	1,892
	374,096	278,426

8. PROFIT BEFORE TAX

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

	Notes	2020 HK$'000	2019 HK$'000
Depreciation of owned assets	14	**36,437**	29,424
Depreciation of right-of-use assets	14	**21,307**	21,731
		57,744	51,155
Lease payments not included in the measurement of lease liabilities	16(c)	**1,391**	1,743
Auditor's remuneration		**5,500**	5,320
Employee benefit expense (including directors' remuneration (note 9)):			
Wages and salaries (note)		**202,773**	201,479
Pension scheme contributions		**6,443**	5,344
		209,216	206,823
Foreign exchange differences, net	5, 6	**(187,229)**	18,328
Reversal of impairment losses on financial assets, net			
Impairment losses/(reversal of impairment losses) on debt investments at fair value through other comprehensive income, net	19	**4,156**	(59)
Reversal of impairment losses on loans and interest receivables, net	22	**(5,911)**	(15,654)
Impairment losses on financial assets included in prepayments, deposits and other receivables, net	23	**798**	1,735
		(957)	(13,978)
Gross rental income		**(480,990)**	(477,140)
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		**3,431**	9,341
Net rental income		**(477,559)**	(467,799)

Note: Wage subsidies of HK$3,579,000 granted from the Employment Support Scheme under the Anti-Epidemic Fund for the use of paying wages of employees from June to November 2020 had been received during the year ended 31 December 2020. The amount was recognised in "Administrative expenses" and had been offset with the employee benefit expense. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

9. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2020	2019
	HK$'000	HK$'000
Fees	**2,145**	2,085
Other emoluments:		
Salaries, allowances and benefits in kind	**40,368**	39,066
Discretionary bonuses	**37,800**	36,800
Pension scheme contributions	**1,279**	1,235
	79,447	77,101
	81,592	79,186

During the year, the Group provided a leasehold property in Hong Kong as staff quarters for one of the executive directors of the Company. The estimated monetary value of such accommodation, included in the amount disclosed above, using the rateable value as an approximation, was HK$952,000 (2019: HK$1,002,000).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2019: Nil).

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year are as follows:

	2020	2019
	HK$'000	HK$'000
Mr. Lam Kin Fung Jeffrey	**805**	785
Mr. Leung Yu Ming Steven	**670**	650
Dr. Wong Lung Tak Patrick	**670**	650
	2,145	2,085

There were no other emoluments payable to the independent non-executive directors during the year (2019: Nil).

9. DIRECTORS' REMUNERATION *(continued)*

(b) Executive directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2020					
Executive directors:					
Mr. Cheung Chung Kiu	**–**	**12,090**	**13,500**	**18**	**25,608**
Dr. Lam How Mun Peter	**–**	**11,326**	**8,000**	**479**	**19,805**
Mr. Leung Chun Cheong	**–**	**3,055**	**2,000**	**141**	**5,196**
Mr. Leung Wai Fai	**–**	**5,967**	**4,300**	**275**	**10,542**
Mr. Wong Chi Keung	**–**	**7,930**	**10,000**	**366**	**18,296**
	–	**40,368**	**37,800**	**1,279**	**79,447**
2019					
Executive directors:					
Mr. Cheung Chung Kiu	–	11,700	13,500	18	25,218
Dr. Lam How Mun Peter	–	11,077	8,000	465	19,542
Mr. Leung Chun Cheong	–	2,964	2,000	137	5,101
Mr. Leung Wai Fai	–	5,785	4,300	267	10,352
Mr. Wong Chi Keung	–	7,540	9,000	348	16,888
	–	39,066	36,800	1,235	77,101

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2019: four) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining one (2019: one) non-director, highest paid employee are as follows:

	2020 HK$'000	2019 HK$'000
Salaries, allowances, and benefits in kind	**4,160**	3,900
Discretionary bonuses	**9,500**	9,000
Pension scheme contributions	**192**	180
	13,852	13,080

The number of non-director, highest paid employee whose remuneration fell within the following band is as follows:

	No. of individuals 2020	2019
HK$13,000,001 to HK$13,500,000	**–**	1
HK$13,500,001 to HK$14,000,000	**1**	–

11. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 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 (2019: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2019: 8.25%) and the remaining assessable profits are taxed at 16.5% (2019: 16.5%). Taxes on profits assessable in elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

The United Kingdom ("UK") Government announced in the financial budget on 12 March 2020 that any gains arising from sales of properties from 1 April 2020 onwards would be subject to corporation tax at a rate of 19% instead of 17%. The change in tax rate was enacted on 17 March 2020 and effective from 1 April 2020.

	2020	2019
	HK$'000	HK$'000
Current charge for the year		
Hong Kong	**7,013**	8,065
Mainland China	**6,906**	39,529
UK	**18,876**	11,644
Overprovision in prior years	**(106)**	(55,125)
Deferred tax (note 30)	**1,344**	(16,370)
Total tax charge/(credit) for the year	**34,033**	(12,257)

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense/(credit) at the effective tax rates is as follows:

	2020	2019
	HK$'000	HK$'000
Profit before tax	**622,201**	401,766
Tax at the statutory tax rates of different jurisdictions	**119,830**	83,450
Lower tax rate enacted by local authority	**(12,758)**	(13,713)
Adjustments in respect of current tax of previous periods	**(106)**	(55,125)
Profits and losses attributable to associates	**(2,639)**	5,431
Profits and losses attributable to joint ventures	**(11,805)**	(22,528)
Income not subject to tax	**(144,923)**	(113,224)
Expenses not deductible for tax	**75,779**	46,785
Effect of withholding tax at 10% on the disposal of the Group's PRC investments	**–**	19,065
Tax losses utilised from previous periods	**(5,951)**	–
Tax losses not recognised	**16,606**	37,602
Tax charge/(credit) at the Group's effective rate	**34,033**	(12,257)

For the year ended 31 December 2020, the weighted average applicable tax rate was 19.3% (2019: 20.8%). The change in the weighted average applicable tax rate was caused by changes in the profitability of the Group in the respective jurisdictions.

The share of tax attributable to associates amounting to HK$9,014,000 (2019: HK$1,421,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss. No share of tax was attributable to joint ventures for the year ended 31 December 2020 (2019: HK$24,183,000).

12. DIVIDENDS

	2020 HK$'000	2019 HK$'000
Proposed final – HK$0.02 (2019: HK$0.02) per ordinary share	**77,647**	77,647

The final dividend for the year ended 31 December 2020 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 2020 and 2019.

13. 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 2020 and 2019 in respect of a dilution as the share options outstanding had no dilutive effect on the basic earnings per share amounts presented.

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

	2020 HK$'000	2019 HK$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**588,168**	414,023

	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	**3,882,334,668**	3,882,334,668

14. PROPERTY AND EQUIPMENT

	Owned assets							
	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Vessel and yacht HK$'000	Total HK$'000	Right-of-use assets HK$'000 (note 16(a))	Total HK$'000
31 December 2020								
At 1 January 2020								
Cost	**7,138**	**38,825**	**17,716**	**7,312**	**145,446**	**216,437**	**154,628**	**371,065**
Accumulated depreciation	**(1,168)**	**(5,579)**	**(4,626)**	**(5,743)**	**(21,817)**	**(38,933)**	**(30,727)**	**(69,660)**
Net carrying amount	**5,970**	**33,246**	**13,090**	**1,569**	**123,629**	**177,504**	**123,901**	**301,405**
At 1 January 2020, net of accumulated depreciation	**5,970**	**33,246**	**13,090**	**1,569**	**123,629**	**177,504**	**123,901**	**301,405**
Additions	**–**	**–**	**550**	**597**	**–**	**1,147**	**6,355**	**7,502**
Disposals	**–**	**(425)**	**(1,798)**	**(19)**	**–**	**(2,242)**	**–**	**(2,242)**
Depreciation provided during the year	**(167)**	**(4,846)**	**(1,464)**	**(871)**	**(29,089)**	**(36,437)**	**(21,307)**	**(57,744)**
Exchange realignment	**–**	**13**	**19**	**28**	**–**	**60**	**223**	**283**
At 31 December 2020, net of accumulated depreciation	**5,803**	**27,988**	**10,397**	**1,304**	**94,540**	**140,032**	**109,172**	**249,204**
At 31 December 2020:								
Cost	**7,138**	**38,423**	**16,155**	**7,726**	**145,446**	**214,888**	**161,860**	**376,748**
Accumulated depreciation	**(1,335)**	**(10,435)**	**(5,758)**	**(6,422)**	**(50,906)**	**(74,856)**	**(52,688)**	**(127,544)**
Net carrying amount	**5,803**	**27,988**	**10,397**	**1,304**	**94,540**	**140,032**	**109,172**	**249,204**
31 December 2019								
At 1 January 2019:								
Cost	7,138	6,232	9,857	7,570	–	30,797	152,186	182,983
Accumulated depreciation	(1,000)	(992)	(3,298)	(5,892)	–	(11,182)	(8,874)	(20,056)
Net carrying amount	6,138	5,240	6,559	1,678	–	19,615	143,312	162,927
At 1 January 2019, net of accumulated depreciation	6,138	5,240	6,559	1,678	–	19,615	143,312	162,927
Additions	–	32,574	8,647	1,121	–	42,342	2,606	44,948
Acquisition of subsidiaries that are not a business (note 33)	–	–	–	–	145,446	145,446	–	145,446
Disposals	–	–	(479)	(6)	–	(485)	–	(485)
Depreciation provided during the year	(168)	(4,583)	(1,639)	(1,217)	(21,817)	(29,424)	(21,731)	(51,155)
Exchange realignment	–	15	2	(7)	–	10	(286)	(276)
At 31 December 2019, net of accumulated depreciation	5,970	33,246	13,090	1,569	123,629	177,504	123,901	301,405
At 31 December 2019:								
Cost	7,138	38,825	17,716	7,312	145,446	216,437	154,628	371,065
Accumulated depreciation	(1,168)	(5,579)	(4,626)	(5,743)	(21,817)	(38,933)	(30,727)	(69,660)
Net carrying amount	5,970	33,246	13,090	1,569	123,629	177,504	123,901	301,405

At 31 December 2020, one of the Group's buildings with a carrying amount of HK$4,354,000 (2019: HK$4,476,000) and its leasehold land, which is included in right-of-use assets, with a carrying amount of HK$70,821,000 (2019: HK$72,788,000) were pledged to secure general banking facilities granted to the Group (note 28).

15. INVESTMENT PROPERTIES

	2020 HK$'000	2019 HK$'000
Carrying amount at 1 January	**14,902,298**	14,394,511
Additions	**3,602**	315
Lease incentives	**(43,384)**	(64,300)
Net gain/(loss) from fair value adjustments (notes 5 and 6)	**(39,437)**	165,297
Exchange realignment	**504,693**	406,475
Carrying amount at 31 December	**15,327,772**	14,902,298

The Group's investment properties consist of two commercial properties in the UK. The directors of the Company have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 December 2020 based on valuations performed by Knight Frank Petty Limited, a firm of independent professionally qualified valuers, at HK$15,327,772,000. Each year, the management of the Group decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior personnel from the finance department review the valuations performed by the external valuer for financial reporting purposes and reports directly to senior management. Discussions of valuation processes, assumptions and results are held between the Group's finance personnel and the external valuer twice a year when the valuations are performed for interim and annual financial reporting.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 16 to the financial statements.

At 31 December 2020, the Group's investment properties with an aggregate carrying value of HK$15,327,772,000 (2019: HK$14,902,298,000) were pledged to secure general banking facilities granted to the Group (note 28).

Further particulars of the Group's investment properties are included on page 123.

Fair value hierarchy

The recurring fair value measurement for all the commercial properties of the Group uses significant unobservable inputs (Level 3) and details of their movements are disclosed below.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2019: Nil).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties HK$'000
Carrying amount at 1 January 2019	14,394,511
Additions	315
Lease incentives	(64,300)
Net gain from fair value adjustments (note 5)	165,297
Exchange realignment	406,475
Carrying amount at 31 December 2019 and 1 January 2020	**14,902,298**
Additions	**3,602**
Lease incentives	**(43,384)**
Net loss from fair value adjustments (note 6)	**(39,437)**
Exchange realignment	**504,693**
Carrying amount at 31 December 2020	**15,327,772**

15. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

Below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range 2020	Range 2019
Commercial properties	Income capitalisation approach	Estimated rental value (per square foot per annum)	**GBP60 to GBP125**	GBP60 to GBP125
		Equivalent yield	**3.73% to 4.79%**	3.70% to 4.71%

The fair value of the investment properties which are classified as Level 3 of the fair value hierarchy is determined by using the income capitalisation approach based on capitalisation of net income with due allowance of outgoings and reversionary income potential. Measurement of the fair value is positively correlated to the estimated rental value and inversely correlated to the equivalent yield rate.

16. LEASES

The Group as a lessee

The Group has lease contracts for leasehold land and office properties used in its operations. Lump sum payments were made upfront to acquire the leasehold land in Hong Kong with lease periods of 40 to 54 years, and no ongoing payments will be made under the terms of these land leases. Leases of office properties generally have lease terms between 2 and 4 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land HK$'000	Office properties HK$'000	Total HK$'000
As at 1 January 2019	86,066	57,246	143,312
Additions	–	2,606	2,606
Depreciation charge	(2,715)	(19,016)	(21,731)
Exchange realignment	–	(286)	(286)
As at 31 December 2019 and 1 January 2020	**83,351**	**40,550**	**123,901**
Additions	**–**	**6,355**	**6,355**
Depreciation charge	**(2,292)**	**(19,015)**	**(21,307)**
Exchange realignment	**–**	**223**	**223**
As at 31 December 2020	**81,059**	**28,113**	**109,172**

16. LEASES *(continued)*

The Group as a lessee *(continued)*

(b) Lease liabilities

The carrying amount of lease liabilities (included under other payables and accruals) and the movements during the year are as follows:

	2020 **HK$'000**	2019 HK$'000
Carrying amount at 1 January	**39,050**	55,292
New leases	**6,355**	2,606
Accretion of interest recognised during the year (note 7)	**1,327**	1,892
Payments	**(20,232)**	(20,637)
Exchange realignment	**207**	(103)
Carrying amount at 31 December	**26,707**	39,050
Analysed into:		
Current portion	**16,155**	18,334
Non-current portion	**10,552**	20,716
	26,707	39,050

The maturity analysis of lease liabilities is disclosed in note 42 to the financial statements.

(c) The amounts recognised in the statement of profit or loss in relation to leases are as follows:

	2020 **HK$'000**	2019 HK$'000
Interest on lease liabilities	**1,327**	1,892
Depreciation charge of right-of-use assets	**21,307**	21,731
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December (included in administrative expenses)	**1,391**	1,743
Total amount recognised in the statement of profit or loss	**24,025**	25,366

(d) The total cash outflow for leases are disclosed in note 36(c) to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 15) consisting of two commercial properties in the UK under operating lease arrangements. The terms of the leases generally (i) require tenants to pay rent in advance on a quarterly basis; (ii) provide for rent review; (iii) grant certain lessees a tenant exercisable break clause; and (iv) require certain tenants to pay security deposits. As at 31 December 2020, security deposits received from tenants and held by the Group's property manager on trust for both the Group and the Group's tenants amounted to HK$53,916,000 (2019: HK$52,044,000). Rental income recognised by the Group during the year was HK$480,990,000 (2019: HK$477,140,000), details of which are included in note 5 to the financial statements.

16. LEASES *(continued)*

The Group as a lessor *(continued)*

At 31 December 2020, the undiscounted lease payments receivable by the Group in future periods, calculated on the assumption that no tenant exercisable break clause will be exercised, under non-cancellable operating leases with its tenants are as follows:

	2020 **HK$'000**	2019 HK$'000
Within one year	**560,255**	540,026
After one year but within two years	**563,186**	539,984
After two years but within three years	**504,278**	535,266
After three years but within four years	**451,042**	478,338
After four years but within five years	**392,612**	428,268
After five years	**2,231,711**	2,494,040
	4,703,084	5,015,922

17. INVESTMENTS IN JOINT VENTURES

	2020 **HK$'000**	2019 HK$'000
Share of net assets	**4,700,270**	2,589,186

17. INVESTMENTS IN JOINT VENTURES *(continued)*

Particulars of the Group's material joint ventures are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing
Instant Glory International Limited ("Instant Glory")	Ordinary shares of US$1 each	BVI	50	50	50
Excel Winner UK Limited ("Excel Winner UK")	Ordinary shares of GBP1 each	England & Wales	50	50	50
Beauty Bay International Limited ("Beauty Bay")*	Ordinary shares of US$1 each	BVI	48.98	50	48.98
Whiteley JV S.à r.l. ("Whiteley JV")	Ordinary shares of GBP1 each	Grand Duchy of Luxembourg	46.08	50	46.08
Whiteley Hotel PropCo Limited ("Whiteley PropCo")	Ordinary shares of GBP0.01 each	Guernsey	46.08	50	46.08
Whiteley Hotel Apartments Limited ("Whiteley Apartments")	Ordinary shares of GBP0.01 each	England & Wales	46.08	50	46.08
Whiteley Retail Limited ("Whiteley Retail")	Ordinary shares of GBP0.01 each	Guernsey	46.08	50	46.08
Queens Road W2 Limited ("QRW2")	Ordinary shares of HK$1 each	Hong Kong	46.08	50	46.08
Ocean Beyond Investments Limited ("Ocean Beyond")	Ordinary shares of US$1 each	BVI	42.5	33.33	42.5
Proprium Holding Trust ("Proprium")	Ordinary shares of AUD1 each	Australia	41.9	50	41.9

* In the opinion of the directors, these joint ventures are no longer considered as material joint ventures of the Group for the year ended 31 December 2020 and therefore, summarised financial information for these joint ventures for the year ended 31 December 2020 is not presented in the financial statements.

Instant Glory is an investment holding company which holds indirectly the entire 100% equity interest of Excel Winner UK (collectively "Instant Glory Group"). Excel Winner UK is a property development company.

Whiteley JV is an investment holding company that holds indirectly the entire 100% equity interest of Whiteley PropCo, Whiteley Apartments, Whiteley Retail and QRW2 (collectively "Whiteley Group"). Whiteley Group is principally engaged in property development and investment.

Ocean Beyond is an investment holding company which holds indirectly 98.5% equity interest of Proprium (collectively "Ocean Beyond Group"). Proprium is a property investment company.

All these joint ventures are unlisted and indirectly held by the Company and are accounted for using the equity method.

17. INVESTMENTS IN JOINT VENTURES *(continued)*

The following tables illustrate the summarised financial information in respect of Instant Glory Group, Beauty Bay, Whiteley Group and Ocean Beyond Group and reconciled to the carrying amount in the consolidated financial statements:

Instant Glory Group

	2020 HK$'000	2019 HK$'000
Cash and cash equivalents	**36,045**	14,825
Other current assets	**8,956,859**	6,874,727
Current assets	**8,992,904**	6,889,552
Non-current assets	**12,693**	8,985
Current financial liabilities, excluding trade and other payables	**(2,085,557)**	(2,237,414)
Other current liabilities	**(416,488)**	(178,529)
Current liabilities	**(2,502,045)**	(2,415,943)
Non-current liabilities	**(299,259)**	(280,874)
Net assets	**6,204,293**	4,201,720
Reconciliation to the Group's interests		
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets	**3,102,147**	2,100,860
Carrying amount of the investment	**3,102,147**	2,100,860
Interest expense	**(7,830)**	(2,617)
Loss for the year	**(41,769)**	(38,004)
Total comprehensive loss for the year	**(41,769)**	(38,004)

17. INVESTMENTS IN JOINT VENTURES *(continued)*

Beauty Bay

	2019 HK$'000
Cash and cash equivalents	60
Other current assets	588,911
Current assets	588,971
Current liabilities	(480,392)
Net assets	108,579
Reconciliation to the Group's interests	
Proportion of the Group's ownership	48.98%
Group's share of net assets	53,182
Carrying amount of the investment	53,182
Interest income	299,232
Other income	118,621
Income tax expense	(49,373)
Profit for the year	361,176
Other comprehensive income for the year	76,909
Total comprehensive income for the year	438,085
Dividend received	195,918

17. INVESTMENTS IN JOINT VENTURES *(continued)*

Whiteley Group

	2020 HK$'000	2019 HK$'000
Cash and cash equivalents	**31,705**	64,119
Other current assets	**3,553,982**	3,525,674
Current assets	**3,585,687**	3,589,793
Non-current assets	**806,200**	37,372
Current liabilities	**(122,536)**	(2,675)
Non-current financial liabilities, excluding trade and other payables and provisions	**(1,453,406)**	(1,271,786)
Other non-current liabilities	**(55,036)**	(5,559)
Non-current liabilities	**(1,508,442)**	(1,277,345)
Net assets	**2,760,909**	2,347,145
Reconciliation to the Group's interests		
Proportion of the Group's ownership	**46.08%**	46.08%
Group's share of net assets	**1,272,227**	1,081,564
Paid-up capital contributed by joint venture partner disproportionate to its shareholding	**(393,162)**	(898,634)
Loss not shared by the Group	**308,186**	10,218
Share of preferential return	**81,344**	–
Carrying amount of the investment	**1,268,595**	193,148
Interest income	**–**	2
Other income	**1,216**	719
Interest expense	**(247,567)**	(1,058)
Loss for the year	**(646,633)**	(22,175)
Total comprehensive loss for the year	**(646,633)**	(22,175)

17. INVESTMENTS IN JOINT VENTURES *(continued)*

Ocean Beyond Group

	2020 HK$'000	2019 HK$'000
Cash and cash equivalents	**46,078**	21,403
Other current assets	**610**	1,338
Current assets	**46,688**	22,741
Non-current assets	**752,535**	638,200
Current financial liabilities, excluding trade and other payables	**(1,360)**	(1,242)
Other current liabilities	**(7,285)**	(3,215)
Current liabilities	**(8,645)**	(4,457)
Non-current financial liabilities, excluding trade and other payables and total non-current liabilities	**(136,302)**	(211,695)
Net assets	**654,276**	444,789
Non-controlling interests	**(5,864)**	(2,669)
Net assets attributable to owners of Ocean Beyond Group	**648,412**	442,120
Reconciliation to the Group's interests		
Proportion of the Group's ownership	**42.5%**	42.5%
Group's share of net assets	**275,575**	187,901
Carrying amount of the investment	**275,575**	187,901
Interest income	**6**	198
Other income	**29,933**	–
Profit/(loss) for the year attributable to owners of Ocean Beyond Group	**19,244**	(34,707)
Other comprehensive income/(loss) for the year attributable to owners of Ocean Beyond Group	**54,706**	(10,010)
Total comprehensive income/(loss) for the year attributable to owners of Ocean Beyond Group	**73,950**	(44,717)

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2020 HK$'000	2019 HK$'000
Share of the joint ventures' profit/(loss) for the year	**2,908**	(6,841)
Share of the joint ventures' other comprehensive income	**15**	14,037
Share of the joint ventures' total comprehensive income	**2,923**	7,196
Aggregate carrying amount of the Group's investments in joint ventures	**53,953**	54,095

18. INVESTMENTS IN ASSOCIATES

	2020 HK$'000	2019 HK$'000
Share of net assets	**457,398**	492,531
Amount due from an associate	**60,540**	81,690
	517,938	574,221

The amount due from an associate is unsecured, interest-free and repayable on demand. In the opinion of the directors, the amount is unlikely to be repaid in the foreseeable future and is considered as part of the Group's net investments in the related associate. There was no recent history of default and past due for the amount due from the associate. As at 31 December 2020 and 2019, the loss allowance was assessed to be minimal.

Particulars of the material associates are as follows:

Name	Place of incorporation/ registration and business	Particulars of shares held	Percentage of ownership interest attributable to the Group 2020	2019	Principal activities
Fine Ahead Limited ("Fine Ahead")*	BVI	Ordinary shares of US$1 each	**35%**	35%	Investment holding
Champion Maker Limited ("Champion Maker")	BVI	Ordinary shares of US$1 each	**30%**	30%	Investment holding
Next Olympic Limited ("Next Olympic")	BVI	Ordinary shares of US$1 each	**30%**	30%	Investment holding
Modern Crescent Limited ("Modern Crescent")	BVI	Ordinary shares of US$1 each	**25%**	25%	Investment holding
Health Link Investment Limited ("Health Link")	Hong Kong	Ordinary shares of HK$1 each	**25%**	25%	Property investment
PRECP Development Venture I Limited ("PRECP")*	Cayman Islands	Ordinary shares of US$1 each	**–**	31.75%	Investment holding

* In the opinion of the directors, these associates are no longer considered as material associates of the Group for the year ended 31 December 2020 and therefore, summarised financial information for these associates for the year ended 31 December 2020 is not presented in the financial statements.

Champion Maker is an investment holding company which holds directly the entire 100% equity interest of Next Olympic (collectively "Champion Maker Group"). Next Olympic is an investment holding company.

Modern Crescent is an investment holding company which holds indirectly the entire 100% equity interest of Health Link (collectively "Modern Crescent Group"). Health Link is a property investment company.

The Group's shareholdings in these associates comprise equity shares held through subsidiaries of the Company.

18. INVESTMENTS IN ASSOCIATES *(continued)*

The following table illustrates the summarised financial information in respect of Champion Maker Group, Modern Crescent Group and PRECP and reconciled to the carrying amount in the consolidated financial statements:

Champion Maker Group

	2020 HK$'000	2019 HK$'000
Current assets	**218,726**	255,653
Current liabilities	**(289)**	–
Net assets	**218,437**	255,653
Reconciliation to the Group's interest:		
Proportion of the Group's ownership	**30%**	30%
Group's share of net assets	**65,531**	76,696
Carrying amount of the investment	**65,531**	76,696
Profit/(loss) for the year	**33,285**	(16,648)
Total comprehensive income/(loss) for the year	**33,285**	(16,648)

Modern Crescent Group

	2020 HK$'000	2019 HK$'000
Current assets	**7,783,020**	7,684,285
Current liabilities	**(2,091,732)**	(1,989,950)
Non-current liabilities	**(3,885,140)**	(3,991,951)
Net assets	**1,806,148**	1,702,384
Reconciliation to the Group's interest:		
Proportion of the Group's ownership	**25%**	25%
Group's share of net assets	**451,537**	425,596
Carrying amount of the investment	**451,537**	425,596
Revenue	**160,012**	190,213
Loss for the year	**(41,692)**	(55,807)
Other comprehensive loss for the year	**(54,160)**	–
Total comprehensive loss for the year	**(95,852)**	(55,807)

18. INVESTMENTS IN ASSOCIATES *(continued)*

PRECP

	2019 HK$'000
Current assets	45,240
Non-current assets	173,570
Current liabilities	(9,531)
Net assets	209,279
Reconciliation to the Group's interest:	
Proportion of the Group's ownership	31.75%
Group's share of net assets	66,446
Carrying amount of the investment	66,446
Loss for the year	(11,286)
Other comprehensive loss for the year	(4,428)
Total comprehensive loss for the year	(15,714)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2020 **HK$'000**	2019 HK$'000
Share of the associates' profit/(loss) for the year	**16,432**	(10,384)
Share of the associates' other comprehensive income/(loss)	**377**	(198)
Share of the associates' total comprehensive income/(loss)	**16,809**	(10,582)
Aggregate carrying amount of the Group's investments in associates	**870**	5,483

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Notes	2020 HK$'000	2019 HK$'000
Equity investments designated at fair value through other comprehensive income	(i)	**2,525,173**	649,689
Debt investments at fair value through other comprehensive income	(ii), (iii)	**1,272,347**	365,798
		3,797,520	1,015,487
Portion classified as current assets		**(955,430)**	(198,615)
Portion classified as non-current assets		**2,842,090**	816,872

Notes:

(i) The above equity investments are investments in companies listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

Assuming the portfolio of the Group's listed equity investments remained unchanged, the market value of the Group's listed equity investments at fair value through other comprehensive income at the date of approval of these financial statements was HK$4,690,802,000.

During the year ended 31 December 2019, the Group partially disposed of one of the equity investments for investment diversification consideration. The fair value of the related shares on the date of sale was HK$67,578,000 and the accumulated gain recognised in other comprehensive income of HK$51,885,000 was transferred to retained earnings.

(ii) At 31 December 2020, the Group held three (2019: two) senior notes with an aggregate principal of US$170,000,000 (equivalent to HK$1,317,500,000) (2019: US$50,000,000 (equivalent to HK$387,500,000)) issued by certain companies listed on the Stock Exchange (the "Issuers"). These senior notes bear interest at rates ranging from 8.75% to 12.375% (2019: 8.75% to 11%) per annum, payable semi-annually and will mature in 2021 to 2025 (2019: 2020 to 2025). The Issuers may redeem all or any part of the senior notes prior to the maturity at redemption prices applicable from time to time.

(iii) Impairment assessment of debt investments at fair value through other comprehensive income

As at 31 December 2020, none of the debt investments were overdue (2019: Nil) and all the debt investments 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 risk of default of the Issuers or comparable companies. As at 31 December 2020, the probability of default applied was 0.81% (2019: 3.21%) and the loss given default was estimated to be approximately 63% (2019: 63%).

The movements in the loss allowance for the impairment of debt investments at fair value through other comprehensive income are as follows:

	2020 HK$'000	2019 HK$'000
At 1 January	**6,532**	6,591
Impairment losses/(reversal of impairment losses), net (note 8)		
Changes in risk parameters	**(1,597)**	1,036
New senior notes purchased	**9,151**	–
Redemption of senior notes	**(3,398)**	(1,095)
	4,156	(59)
At 31 December	**10,688**	6,532

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 **HK$'000**	2019 HK$'000
Listed equity investments	**284,382**	223,561
Other unlisted investments	**1,941,138**	683,139
	2,225,520	906,700
Portion classified as current assets	**(375,023)**	(300,980)
Portion classified as non-current assets	**1,850,497**	605,720

The above listed equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

The above unlisted investments at 31 December 2020 were fund investments and convertible loans (2019: fund investments and convertible loans). They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

Assuming the portfolio of the Group's listed equity investments remained unchanged, the market value of the Group's listed equity investments at fair value through profit or loss at the date of approval of these financial statements was HK$283,695,000.

21. TRADE RECEIVABLES

	2020 **HK$'000**	2019 HK$'000
Trade receivables	**13,557**	9,449

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:

	2020 **HK$'000**	2019 HK$'000
Within 1 month	**5,092**	3,022
1 to 3 months	**1,084**	6,427
3 to 6 months	**3,561**	–
6 to 12 months	**3,820**	–
	13,557	9,449

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

22. LOANS AND INTEREST RECEIVABLES

	Notes	2020 HK$'000	2019 HK$'000
Loans receivable			
Secured	(i)	–	40,000
Unsecured	(ii)	**310,815**	862,860
		310,815	902,860
Interest receivable		**6,455**	10,292
		317,270	913,152
Less: Impairment allowance	(iii)	**(8,101)**	(14,012)
		309,169	899,140

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

Notes:

(i) The loans receivable was stated at amortised cost with fixed interest rate. The credit term of the loans receivable was 1 year.

(ii) These loans receivable was stated at amortised cost with fixed interest rates. The credit terms of these loans receivable range from 3 months to 1 year (2019: 1 month to 1 year).

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

	2020 HK$'000	2019 HK$'000
At 1 January	**14,012**	29,666
Impairment losses/(reversal of impairment losses), net (note 8)		
Loans repaid/derecognised	**(14,012)**	(29,666)
New loans granted	**8,101**	14,012
	(5,911)	(15,654)
At 31 December	**8,101**	14,012

As at 31 December 2020, loans and interest receivables of HK$317,270,000 (2019: HK$876,997,000), before impairment allowance, were within its credit period and all these balances were categorised within Stage 1 for the measurement of expected credit losses.

As at 31 December 2019, one of the loans and interest receivables of HK$36,155,000, before impairment allowance, was overdue for less than 90 days, the Group considered that there was no significant change in credit risk of the borrower and all the balances were categorised within Stage 1 for the measurement of expected credit losses. The overdue balance of HK$36,155,000 was fully repaid during the year ended 31 December 2020.

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 2020, the probability of default applied ranged from 1.98% to 5.29% (2019: 1.95% to 8.45%) and the loss given default was estimated to be approximately 62% (2019: 62%).

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2020 HK$'000	2019 HK$'000
Prepayments		**7,108**	48,382
Deposits and other receivables		**40,302**	661,865
Due from a joint venture	(a)	**236,416**	480,392
Due from an associate	(b)	**954,648**	–
Total prepayments, deposits and other receivables		**1,238,474**	1,190,639
Less: Impairment allowance		**(2,533)**	(1,735)
		1,235,941	1,188,904
Less: Deposits classified as non-current assets		**(5,567)**	(8,052)
Portion classified as current assets		**1,230,374**	1,180,852

Notes:

(a) The amount due from a joint venture is unsecured, interest-free and repayable on demand. In the opinion of the directors, the credit risk for the amount due from the joint venture is insignificant.

(b) The amount due from an associate was stated at amortised cost with a principal amount of RMB800,000,000 and an effective interest rate of 11% per annum with a maturity date on 14 January 2021. The balance was fully repaid subsequent to 31 December 2020.

Deposits and other receivables mainly represent consideration receivables, rental deposits, deposits with vendors and receivables from counterparties which have no history of default. The financial assets included in the above balances and the amount due from an associate and a joint venture were not overdue and categorised in Stage 1 for the measurement of expected credit losses. Where applicable, 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 counterparties. As at 31 December 2020, the probability of default applied ranged from 0.31% to 0.81% (2019: 0.89%) and the loss given default was estimated to be approximately 62% (2019: 62%).

The movements in the loss allowance for the impairment of financial assets included in prepayments, deposits and other receivables are as follows:

	2020 HK$'000	2019 HK$'000
At 1 January	**1,735**	–
Impairment losses, net (note 8)	**798**	1,735
At 31 December	**2,533**	1,735

24. DEPOSITS WITH BROKERAGE COMPANIES

Deposits with brokerage companies are carried at an average interest rate of 0.002% per annum (2019: 0.023% per annum).

25. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Notes	2020 HK$'000	2019 HK$'000
Cash and bank balances		**5,687,950**	4,661,627
Time deposits		**51,335**	2,399,918
		5,739,285	7,061,545
Less: Pledged deposits	(a)	**(26,427)**	(965,000)
Restricted bank balances	(b)	**(194,475)**	(67,088)
Cash and cash equivalents		**5,518,383**	6,029,457

Notes:

(a) As at 31 December 2020, the bank balances were pledged to a bank for a banking facility granted to a joint venture (note 39(b)). As at 31 December 2019, the bank balances and time deposits were pledged to banks to secure bank borrowings granted to the Group (note 28(b)).

(b) The restricted bank balances as at 31 December 2020 and 2019 represented deposits placed with banks and the usage of which was restricted to the payments of certain obligations under loan facilities granted by certain banks.

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$137,744,000 (2019: HK$1,160,313,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one week and six months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

26. OTHER PAYABLES AND ACCRUALS

	Notes	2020 HK$'000	2019 HK$'000
Receipts in advance		**113,767**	50,590
Other payables	(a)	**100,009**	94,630
Accruals		**87,254**	89,428
Due to joint ventures	(b)	**157,833**	59,560
Lease liabilities	16(b)	**26,707**	39,050
Total other payables and accruals		**485,570**	333,258
Less: Lease liabilities classified as non-current liabilities	16(b)	**(10,552)**	(20,716)
Portion classified as current liabilities		**475,018**	312,542

Notes:

(a) Other payables are non-interest-bearing and are normally settled within one year.

(b) The amounts due to joint ventures are unsecured, interest-free and repayable on demand.

27. DERIVATIVE FINANCIAL INSTRUMENTS

	2020 **Assets/** **(liabilities)** **HK$'000**	2019 Assets/ (liabilities) HK$'000
Interest rate swaps	**(77,632)**	3,247

Interest rate swaps

At 31 December 2020, the Group had several interest rate swaps with notional amounts of GBP498,000,000 and HK$2,300,000,000 (2019: GBP498,000,000). For the interest rate swaps with a notional amount of GBP498,000,000, the Group pays interest at a fixed rate of approximately 0.72% (2019: 0.72%) and receives interest at a variable rate equal to the LIBOR on the notional amount. During the year, the Group entered into new interest rate swaps with an aggregate notional amount of HK$2,300,000,000. The Group pays interest at fixed rates ranging from 0.305% to 0.995% and receives interest at a variable rate of HIBOR. These interest rate swaps will mature over the next 2 years (2019: 3 years) and are used to manage its interest rate exposures arising from bank loans at floating rates.

These interest rate swaps are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in the fair value of the non-hedging interest rate derivatives amounting to HK$76,738,000 (2019: HK$68,306,000) were charged to profit or loss during the year.

28. INTEREST-BEARING BANK BORROWINGS

	2020			2019		
	Contractual interest rate	**Maturity**	**HK$'000**	Contractual interest rate	Maturity	HK$'000
Current						
Bank loans – secured	**N/A**	**N/A**	**–**	LIBOR+0.5% & HIBOR+0.5%	On demand	954,330
Long term bank loans repayable on demand – secured	**HIBOR+1%**	**On demand**	**22,750**	HIBOR+1%	On demand	31,500
Current portion of long term bank loans						
– secured	**LIBOR+1.35%**	**2021**	**70,126**	LIBOR+1.35%	2020	67,719
– unsecured	**HIBOR+1.85%**	**2021**	**442,792**	N/A	N/A	–
			535,668			1,053,549
Non-current						
Bank loans						
– secured	**LIBOR+1.35% to +1.5%**	**2022**	**8,107,773**	LIBOR+1.35% to +1.5%	2021 to 2022	7,894,382
– unsecured	**HIBOR+1.85%**	**2022**	**1,829,127**	N/A	N/A	–
			9,936,900			7,894,382
			10,472,568			8,947,931
Analysed into bank loans repayable:						
On demand (Note a)			**22,750**			985,830
Within one year			**512,918**			67,719
In the second year			**9,936,900**			67,829
In the third to fifth years, inclusive			**–**			7,826,553
			10,472,568			8,947,931

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

Notes:

(a) As further explained in note 42 to the financial statements, the Group's term loans with an aggregate amount of HK$22,750,000 (2019: HK$985,830,000) containing a repayment 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:

	2020 HK$'000	2019 HK$'000
Bank borrowings repayable:		
Within one year	**525,168**	1,030,799
In the second year	**9,947,400**	80,079
In the third to fifth years, inclusive	**–**	7,837,053
	10,472,568	8,947,931

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

	Notes	**2020 HK$'000**	2019 HK$'000
Property and equipment	14	**75,175**	77,264
Investment properties	15	**15,327,772**	14,902,298
Pledged deposits	25(a)	**–**	965,000

(c) As at 31 December 2020 and 2019, all bank borrowings bear interest at floating interest rates.

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

	2020 HK$'000	2019 HK$'000
HK$	**2,294,669**	781,500
GBP	**8,177,899**	8,166,431
	10,472,568	8,947,931

(e) The Group's bank borrowings of HK$8,177,899,000 (2019: HK$7,962,101,000) are secured by pledges over the equity interests of certain subsidiaries of the Group (note 1).

29. NOTES PAYABLE

	Principal at original currency	Contractual interest rate (%) per annum	Maturity	2020 HK$'000	2019 HK$'000
2019 Notes	US$250,000,000	6.35	2022	**1,928,892**	1,922,845

In June 2019, the Group issued guaranteed notes with an aggregate principal amount of US$250,000,000 (equivalent to HK$1,937,500,000) at a coupon rate of 6.35% per annum, which are listed on the Stock Exchange (the "2019 Notes"). The net proceeds, after deducting the issuance expenses, amounted to HK$1,919,392,000. The 2019 Notes are guaranteed by the Company and will mature in June 2022.

The Group, at its option, can redeem the 2019 Notes in whole, but not in part, at any time prior to the maturity date at the redemption prices (principal amount) plus accrued interest up to the redemption date, as set forth in the written agreement between the Group and the trustees of the 2019 Notes.

At 31 December 2020, the fair value of the 2019 Notes amounted to HK$1,944,281,000 (2019: HK$1,928,142,000), which is based on a market price from a financial institution at the reporting date.

30. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation HK$'000	Unrealised gains HK$'000	Total HK$'000
At 1 January 2019	302	19,321	19,623
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 11)	26	(19,022)	(18,996)
Exchange realignment	–	(299)	(299)
At 31 December 2019 and 1 January 2020	**328**	**–**	**328**
Deferred tax charged to the statement of profit or loss during the year (note 11)	**18**	**–**	**18**
At 31 December 2020	**346**	**–**	**346**

Deferred tax assets

	Impairment losses on financial assets HK$'000
At 1 January 2019	4,938
Deferred tax charged to the statement of profit or loss during the year (note 11)	(2,626)
At 31 December 2019 and 1 January 2020	**2,312**
Deferred tax charged to the statement of profit or loss during the year (note 11)	**(1,326)**
At 31 December 2020	**986**

30. DEFERRED TAX *(continued)*

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries and associates established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2020, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in these subsidiaries in Mainland China for which deferred tax liabilities have not been recognised amounted to HK$463,592,000 as at 31 December 2020 (2019: HK$364,562,000).

The Group has tax losses arising in Hong Kong and the UK of HK$231,491,000 (2019: HK$225,781,000) and HK$350,343,000 (2019: HK$282,368,000), subject to the agreement by the Hong Kong Inland Revenue Department and HM Revenue & Customs, respectively, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets had not been recognised in respect of these losses as it was not considered probable that taxable profits would be available against which the tax losses can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

31. SHARE CAPITAL

Shares

	2020 **HK$'000**	2019 HK$'000
Authorised: 20,000,000,000 (2019: 20,000,000,000) ordinary shares of HK$0.10 (2019: HK$0.10) each	**2,000,000**	2,000,000
Issued and fully paid: 3,882,334,668 (2019: 3,882,334,668) ordinary shares of HK$0.10 (2019: HK$0.10) each	**388,233**	388,233

Share options

Details of the Company's share option schemes are set out in note 35 to the financial statements.

32. RESERVES

The amounts of the Group's reserves and the movements therein for the current and the prior years are presented in the consolidated statement of changes in equity on pages 42 to 43.

33. ACQUISITION OF SUBSIDIARIES THAT ARE NOT A BUSINESS

For the year ended 31 December 2019

In April 2019, the Group acquired the 50% equity interest in each of Sun Vessel, Oceanic Front and Fancy Style (collectively the "Acquired Subsidiaries") from the joint venture partners of the Acquired Subsidiaries at a total cash consideration of HK$80,088,000 and the Acquired Subsidiaries became wholly-owned subsidiaries of the Group. The results of the Acquired Subsidiaries are consolidated into the Group's financial statements commencing from the acquisition date.

Sun Vessel, Oceanic Front and Fancy Style are principally engaged in yacht investment, vessel investment and vessel management, respectively, and as at the date of acquisition, the Acquired Subsidiaries did not carry out any significant business transaction other than holding the relevant assets.

The above acquisitions have been accounted for by the Group as an acquisition of assets as the Acquired Subsidiaries do not constitute a business.

The net assets acquired by the Group in the above transactions are as follows:

	Sun Vessel HK$'000	Oceanic Front HK$'000	Fancy Style HK$'000	Total HK$'000
Net assets acquired:				
Property and equipment	142,448	2,998	–	145,446
Prepayments, deposits and other receivables	1,437	–	8,509	9,946
Cash and cash equivalents	–	–	6,303	6,303
Other payables and accruals	(433)	(220)	(1,198)	(1,851)
	143,452	2,778	13,614	159,844
Satisfied by:				
Cash	71,892	1,389	6,807	80,088
Pre-existing interest in the Acquired Subsidiaries at the date of acquisition	71,560	1,389	6,807	79,756
	143,452	2,778	13,614	159,844

An analysis of the cash flows in respect of the acquisition of the Acquired Subsidiaries is as follows:

	Sun Vessel HK$'000	Oceanic Front HK$'000	Fancy Style HK$'000	Total HK$'000
Cash consideration	(71,892)	(1,389)	(6,807)	(80,088)
Cash and cash equivalents acquired	–	–	6,303	6,303
Net outflow of cash and cash equivalents included in cash flows from investing activities	(71,892)	(1,389)	(504)	(73,785)

34. DISPOSAL OF SUBSIDIARIES

Year ended 31 December 2019

Details of the net assets of subsidiaries disposed of and their financial impacts are summarised below:

	Note	Million Intelligence Group HK$'000 (note a)	Delight Universe Group HK$'000 (note b)	Total HK$'000
Net assets disposed of:				
Investment in an associate		334,055	–	334,055
Prepayments, deposits and other receivables		–	244,436	244,436
Cash and cash equivalents		59	–	59
Other payables and accruals		(50,892)	(40,115)	(91,007)
		283,222	204,321	487,543
Exchange fluctuation reserve released upon disposal		19,660	–	19,660
Gain on disposal of subsidiaries	5	28,041	112,249	140,290
Satisfied by cash		330,923	316,570	647,493

An analysis of the net inflow of cash and cash equivalents for the year in respect of the disposal of subsidiaries are as follows:

	Million Intelligence Group HK$'000 (note a)	Delight Universe Group HK$'000 (note b)	Total HK$'000
Cash consideration	330,923	316,570	647,493
Consideration receivable	–	(316,570)	(316,570)
Cash and cash equivalents disposed of	(59)	–	(59)
Net inflow of cash and cash equivalents included in cash flows from investing activities	330,864	–	330,864

Notes:

(a) On 28 June 2019, the Group disposed of its 100% equity interest in Million Intelligence Limited together with its sole subsidiary (the "Million Intelligence Group") to an independent third party for a consideration of RMB291,100,000 (equivalent to HK$330,923,000).

(b) On 30 December 2019, the Group disposed of its 100% equity interest in Delight Universe Limited together with its sole subsidiary (the "Delight Universe Group") to an independent third party for a consideration of HK$316,570,000, which has been settled during the year ended 31 December 2020.

35. SHARE OPTION SCHEMES

(A) 2005 Scheme

The Company adopted a share option scheme on 29 April 2005 ("2005 Scheme") which expired on 29 April 2015. Summary of the 2005 Scheme is set out below:

For the purpose of section (A) 2005 Scheme, reference to the "Eligible Group" means (i) the Company and each of its substantial shareholders; (ii) each associate or substantial shareholder or direct or indirect associated company or joint venture of the Company or any substantial shareholder referred to in (i) above; (iii) each associate or substantial shareholder or direct or indirect associated company or joint venture of any of the foregoing entities referred to in (ii) above; (iv) each associate or substantial shareholder or direct or indirect associated company or joint venture of any of the foregoing entities referred to in (iii) above; and (v) each associate or substantial shareholder or direct or indirect associated company or joint venture of any of the foregoing entities referred to in (iv) above; and reference to "Employee" means any full-time or part-time employee (including any executive and non-executive director, proposed executive and non-executive director) of any member of the Eligible Group.

Purposes

The purposes of the 2005 Scheme are to recognise the contribution of and to motivate Employees and other person(s) who may make a contribution to the Group, to provide incentives and to help the Group retain its existing Employees and recruit additional Employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Group.

Participants

The participants include any director, officer and Employee of any member of the Eligible Group; and any executive, officer or employee of any business, consultant, professional and other advisers to any member of the Eligible Group or any person proposed to be appointed to any of the aforesaid positions who, in the sole opinion of the Board, has contributed or is expected to contribute to the Group.

Total number of shares available for issue and the percentage of the issued shares that it represents as at the date of this report

As at the date of this report, there was no share available for issue under the 2005 Scheme as the scheme expired on 29 April 2015.

Maximum entitlement of each participant

Unless approved by the shareholders of the Company at a general meeting, the total number of shares issued and to be issued upon the exercise of options granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the issued share capital of the Company.

Period within which the shares must be taken up under an option

An option may be exercised in accordance with the terms of the 2005 Scheme at any time during a period to be notified by the Board to each grantee. Such period of time shall not exceed 10 years from the date of grant of the option.

Minimum period for which an option must be held before exercise

Such period as may be determined by the Board pursuant to the terms of the 2005 Scheme.

The amount, if any, payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

A consideration of HK$1 is payable on acceptance of the offer of grant of an option.

35. SHARE OPTION SCHEMES *(continued)*

(A) 2005 Scheme *(continued)*

Basis of determining the exercise price

The exercise price per share shall be determined by the Board and shall be at least the higher of:

(i) the closing price of shares as stated in the daily quotation sheet of the Stock Exchange on the date on which the option is offered, which must be a trading day;

(ii) the average closing price of shares as stated in the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date as mentioned in (i) above; and

(iii) the nominal value of the shares.

Life of the 2005 Scheme

The 2005 Scheme shall remain in force for a period of 10 years from 29 April 2005 to 28 April 2015.

(B) 2015 Scheme

On 21 May 2015, the Company adopted a share option scheme ("2015 Scheme"). Summary of the 2015 Scheme is set out below:

For the purpose of section (B) 2015 Scheme, reference to the "Eligible Group" means (i) the Company and each of its substantial shareholders; and (ii) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the Company or of a substantial shareholder referred to in (i) above; and (iii) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the foregoing entities referred to in (ii) above; and (iv) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the foregoing entities referred to in (iii) above; and (v) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the foregoing entities referred to in (iv) above.

Purposes

To provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants and to serve such other purposes as the Board may approve from time to time.

Participants

Any director (or any persons proposed to be appointed as such, whether executive or non-executive), officer or employee (whether full-time or part-time) of each member of the Eligible Group; any business consultant, professional or other advisers (in the areas of legal, technical, financial or corporate managerial) (including any executive, officer or employee of such business consultant, professional and other advisers) to each member of the Eligible Group (or persons proposed to be appointed as such) who has rendered service or will render service to the Group, as absolutely determined by the Board.

Total number of shares available for issue and the percentage of the issued shares that it represents as at the date of this report

258,822,311 shares, representing 6.67% of the issued shares as at 22 March 2021.

Maximum entitlement of each participant

Subject to the terms of the 2015 Scheme, not exceeding 1% of the total number of issued shares in any 12-month period.

Period within which the shares must be taken up under an option

Such period as determined by the Board pursuant to the 2015 Scheme, which shall expire not later than 10 years from the date of grant of the option.

35. SHARE OPTION SCHEMES *(continued)*

(B) 2015 Scheme *(continued)*

Minimum period for which an option must be held before exercise

Such period as may be determined by the Board pursuant to the terms of the 2015 Scheme.

The amount, if any, payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

HK$1.00, if demanded by the Company, within 7 days of the date of the demand.

Basis of determining the exercise price

Subject to the terms of the 2015 Scheme, the exercise price shall be a price solely determined by the Board and shall not less than the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option which must be a business day;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five consecutive business days immediately preceding the date of grant of the option; and

(iii) the nominal value of a Share on the date of grant of the option.

Life of the 2015 Scheme

Subject to the terms of the 2015 Scheme, 10 years commencing on 21 May 2015.

No share options were granted under the 2015 Scheme since its adoption and up to 31 December 2020. The movement of share options under the 2005 Scheme during the year is as follows:

	2020 Weighted average exercise price HK$ per share	**2020** Number of options '000	2019 Weighted average exercise price HK$ per share	2019 Number of options '000
At 1 January	**3.26**	**46,305**	3.25	64,162
Lapsed during the year	**3.26**	**(46,305)**	3.22	(17,857)
At 31 December	**N/A**	**–**	3.26	46,305

There were no share options exercised under the 2005 Scheme during the years ended 31 December 2020 and 2019.

The exercise prices and exercise periods of the share options outstanding under the 2005 Scheme as at 31 December 2019 are as follows:

Number of options '000	Exercise price* HK$ per share	Exercise period
41,435	3.2624	03-09-2010 to 02-09-2020
4,870	3.2624	01-01-2011 to 02-09-2020
46,305		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

No share option expense was recognised by the Group during the year (2019: Nil).

At the end of the reporting period, the Company had no share options outstanding under the 2005 Scheme (2019: 46,305,000 share options).

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$6,355,000 (2019: HK$2,606,000) and HK$6,355,000 (2019: HK$2,606,000), respectively, in respect of lease arrangements for office properties.

(b) Changes in liabilities arising from financing activities

	Notes payable HK$'000	Lease liabilities included in other payables and accruals HK$'000	Interest-bearing bank borrowings HK$'000
At 1 January 2019	–	55,292	10,016,944
Changes from financing cash flows	1,919,392	(18,745)	(1,324,002)
Amortisation of loan procurement fee	3,453	–	17,718
New leases	–	2,606	–
Interest expense	–	1,892	–
Interest paid classified as operating cash flows	–	(1,892)	–
Foreign exchange movement	–	(103)	237,271
At 31 December 2019 and 1 January 2020	**1,922,845**	**39,050**	**8,947,931**
Changes from financing cash flows	**–**	**(18,905)**	**1,225,006**
Amortisation of loan procurement fee	**6,047**	**–**	**31,529**
New leases	**–**	**6,355**	**–**
Interest expense	**–**	**1,327**	**–**
Interest paid classified as operating cash flows	**–**	**(1,327)**	**–**
Foreign exchange movement	**–**	**207**	**268,102**
At 31 December 2020	**1,928,892**	**26,707**	**10,472,568**

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2020 HK$'000	2019 HK$'000
Within operating activities	**2,718**	3,635
Within financing activities	**18,905**	18,745
	21,623	22,380

37. COMMITMENTS

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

	2020 **HK$'000**	2019 HK$'000
Contracted, but not provided for:		
Property and equipment	**5,952**	14,355
Investment properties	**–**	719
Capital contributions payable to joint ventures	**2,043,291**	2,931,571
Capital contributions payable to an associate	**3,975**	586,323
	2,053,218	3,532,968

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

	2020 **HK$'000**	2019 HK$'000
Contracted, but not provided for	**3,460,755**	1,653,051

38. FINANCIAL GUARANTEES

(a) As at 31 December 2020, the Group has given a guarantee to a vendor in connection with the acquisition of a freehold land held by a joint venture amounting to HK$211,250,000 (2019: HK$204,330,000).

(b) As at 31 December 2020, the Group has given a guarantee to a bank in connection with a facility granted to a joint venture up to HK$1,042,375,000 (2019: HK$1,118,707,000), and the related banking facility was fully utilised as at 31 December 2020 and 2019.

(c) As at 31 December 2020, the Group has given guarantees to banks and an independent third party in connection with facilities granted to associates up to HK$1,502,750,000 (2019: HK$1,479,375,000), and the related facilities were fully utilised as at 31 December 2020 and 2019.

(d) As at 31 December 2020, the Group has given guarantees to certain financial institutions in connection with the Group's equity contribution commitment in a joint venture up to HK$735,123,000 (2019: HK$1,666,255,000), and the cost overrun guarantee in respect of the project developments costs of a joint venture up to HK$871,406,000 (2019: HK$842,861,000).

The Group did not recognise any liabilities in respect of such financial guarantees as the directors of the Company consider that the fair values of these financial guarantee contracts at their initial recognition and at the end of the reporting period are insignificant.

39. RELATED PARTY TRANSACTIONS

(a) Details of the Group's balances with joint ventures and an associate as at the end of the reporting period are set out in notes 23 and 26 to the financial statements.

(b) As at 31 December 2020, the Group has given guarantees to (i) a vendor in connection with the acquisition of a freehold land held by a joint venture; (ii) banks in connection with banking facilities granted to a joint venture and an associate; (iii) independent third parties in connection with loan facilities granted to an associate; and (iv) certain financial institutions in connection with the Group's equity contribution commitment in a joint venture and cost overrun guarantee in respect of the project development costs of a joint venture, and the Group has placed a pledged deposit in a bank in connection with a banking facility granted to a joint venture. Details of the financial guarantees given by the Group to its joint ventures and associates are set out in note 38 to the financial statements. Details of the pledged deposits placed in a bank by the Group are set out in note 25 to the financial statements.

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

	2020 **HK$'000**	2019 HK$'000
Short term employee benefits paid to key management personnel	**81,592**	79,186

Further details of directors' emoluments are included in note 9 to the financial statements.

40. FINANCIAL INSTRUMENTS BY CATEGORY

Except for financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and derivative financial instruments, which are measured at fair value, the financial assets and liabilities of the Group as at 31 December 2020 and 2019 are financial assets at amortised cost and financial liabilities at amortised cost.

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The Group's finance department headed by the directors 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.

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, notes payable and the non-current portion of financial liabilities included in other payables have 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, notes payable and financial liabilities included in other payables as at 31 December 2020 was assessed to be insignificant. Management has assessed that the fair values of the non-current portion of interest-bearing bank borrowings, notes payable and financial liabilities included in other payables approximate to their carrying amounts.

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

The fair values of listed equity investments and debt investments are based on quoted market prices. The fair values of unlisted fund investments are derived from the net asset value per share of the investments or latest transaction prices. The fair value of the convertible loans has been estimated by using valuation technique based on assumptions that are not supported by observable market prices or rates. The directors believe that the estimated fair values which are recorded in the consolidated statement of financial position with net changes in fair value recognised in the statement of profit or loss or other comprehensive income, as appropriate, in the year ended 31 December 2020, 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 credit ratings ranging from A– to AA-. Derivative financial instruments, being 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 interest rate swaps are the same as their fair values.

As at 31 December 2020, the mark-to-market value of the derivative liability 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 financial instruments recognised at fair value.

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a sensitivity analysis as at 31 December 2020 and 2019:

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of fair value to the input
As at 31 December 2020 Convertible loans classified as financial assets at fair value through profit or loss	Discount cash flow method	Effective interest rate	26.78%	1% increase (decrease) in effective interest rate would have no material impact on the fair value
As at 31 December 2019 Convertible loans classified as financial assets at fair value through profit or loss	Black-Scholes Model	Effective interest rate	19.71%	1% increase (decrease) in effective interest rate would have no material impact on the fair value
		Volatility	57.51%	1% increase (decrease) in volatility would have no material impact on the fair value

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

Fair value hierarchy

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

	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
Assets measured at fair value:				
As at 31 December 2020				
Financial assets at fair value through other comprehensive income:				
Listed equity investments	**2,525,173**	**–**	**–**	**2,525,173**
Debt investments	**–**	**1,272,347**	**–**	**1,272,347**
Financial assets at fair value through profit or loss:				
Listed equity investments	**284,382**	**–**	**–**	**284,382**
Unlisted fund investments	**–**	**1,850,497**	**–**	**1,850,497**
Convertible loans	**–**	**–**	**90,641**	**90,641**
	2,809,555	**3,122,844**	**90,641**	**6,023,040**
As at 31 December 2019				
Financial assets at fair value through other comprehensive income:				
Listed equity investments	649,689	–	–	649,689
Debt investments	–	365,798	–	365,798
Financial assets at fair value through profit or loss:				
Listed equity investments	223,561	–	–	223,561
Unlisted fund investments	–	605,720	–	605,720
Convertible loans	–	–	77,419	77,419
Derivative financial instruments	–	3,247	–	3,247
	873,250	974,765	77,419	1,925,434

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

Fair value hierarchy *(continued)*

	Fair value measurement using significant observable inputs (Level 2) HK$'000
Liabilities measured at fair value:	
As at 31 December 2020	
Derivative financial instruments	**77,632**

There was no liability measured at fair value as at 31 December 2019.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 for both financial assets and financial liabilities and no transfers into or out of Level 3 for both financial assets and financial liabilities (2019: Nil).

The movements in fair value measurements within Level 3 during the year are as follows:

	2020 HK$'000	2019 HK$'000
Financial assets at fair value through profit or loss:		
At 1 January	**77,419**	–
Acquisitions	**–**	69,928
Disposals	**(9,301)**	–
Total gains recognised in the statement of profit or loss included in other income	**22,523**	7,491
At 31 December	**90,641**	77,419

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, derivative financial instruments, loans and interest receivables, trade receivables, deposits and other receivables, other payables, interest-bearing bank borrowings, notes payable, deposits with brokerage companies, pledged deposits, restricted bank balances and cash and cash equivalents. Details of the major financial instruments and the Group's relevant accounting policies are disclosed in note 2.4 to the financial statements.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, equity price risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's pledged deposits, restricted bank balances, cash and cash equivalents and bank borrowings with floating interest rates. The Group monitors the movement in interest rates on an ongoing basis and evaluates the exposure and the costs of available hedging for its debt obligations.

To manage its interest cost, the Group entered into interest rate swaps in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2020, after taking into the effect of the interest rate swaps, approximately 72% (2019: 57%) of the Group's interest-bearing bank borrowings bore interest at fixed rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on pledged deposits, restricted bank balances, cash and cash equivalents and bank borrowings with floating rates held by the Group at the end of the reporting period after taking into account the effect of the interest rate swaps). There is no material impact on other components of the Group's equity.

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit before tax HK$'000**
2020		
HK$	**100**	**34,133**
US$	**100**	**11,111**
RMB	**100**	**1,377**
GBP	**100**	**(18,353)**
HK$	**(100)**	**(34,133)**
US$	**(100)**	**(11,111)**
RMB	**(100)**	**(1,377)**
GBP	**(100)**	**18,353**
2019		
HK$	100	18,494
US$	100	31,318
RMB	100	11,603
GBP	100	(29,401)
HK$	(100)	(18,494)
US$	(100)	(31,318)
RMB	(100)	(11,603)
GBP	(100)	29,401

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk

The Group is exposed to currency risks primarily through business activities which give rise to receivables, payables and cash and bank balances that are denominated in currencies other than the functional currency of the operations to which the transactions relate.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rates of currencies other than the functional currency of the operations, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities).

	Increase/ (decrease) in rates	Increase/ (decrease) in profit before tax HK$'000
2020		
If HK$ weakens against RMB	**10%**	**67,351**
If HK$ strengthens against RMB	**(10%)**	**(67,351)**
If HK$ weakens against GBP	**10%**	**47,476**
If HK$ strengthens against GBP	**(10%)**	**(47,476)**
If HK$ weakens against AUD	**10%**	**9,065**
If HK$ strengthens against AUD	**(10%)**	**(9,065)**
2019		
If HK$ weakens against RMB	10%	96,404
If HK$ strengthens against RMB	(10%)	(96,404)
If HK$ weakens against GBP	10%	20,315
If HK$ strengthens against GBP	(10%)	(20,315)
If HK$ weakens against AUD	10%	8,147
If HK$ strengthens against AUD	(10%)	(8,147)

Results of the analysis as presented in the above table represent the effects on profit before tax of each of the Group's entities measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those monetary assets and liabilities held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency and the bank borrowings that are designated as hedges of the Group's net investments in its subsidiaries and a joint venture in the UK (see discussion below).

Hedges of net investments

A foreign currency exposure arises from net investments in subsidiaries, joint ventures and associates that have a different functional currency from that of the Company. The risk arises from the fluctuation in spot exchange rates between the functional currency of the subsidiaries, joint ventures and associates and the Company's functional currency, which causes the amount of the net investments to vary. This risk may have a significant impact on the Group's consolidated financial statements.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk *(continued)*

Hedges of net investments *(continued)*

The Group hedged its exposure to GBP foreign exchange risk on the net investments in the relevant subsidiaries and joint venture.

The Group uses a mixture of forward currency contracts and foreign currency-denominated bank borrowings as hedging instruments. There is an economic relationship between the hedged items and the hedging instruments as the currency of the forward currency contracts and bank borrowings match the functional currency of the relevant subsidiaries and joint venture. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the forward currency contracts and foreign currency-denominated bank borrowings are identical to the hedged risk components.

When the hedging instrument is foreign currency-denominated bank borrowings, the Group assesses the effectiveness by comparing past changes in the carrying amount of the bank borrowings that are attributable to a change in the spot rate with past changes in the investment in the foreign operation due to movements in the spot rate (the offset method).

When the hedging instrument is forward currency contracts, the Group assesses the effectiveness by comparing past changes in the fair value of the derivative with past changes in the investment in the foreign operation due to movements in the spot rate.

Hedge ineffectiveness can arise from the decline in the carrying values of the net investments in the relevant subsidiaries and joint venture below the notional amounts of forward currency contracts and foreign currency-denominated bank borrowings.

The Group has terminated all of the hedge relationships during the year ended 31 December 2019. Foreign exchange gains on the net investments in subsidiaries and a joint venture used as the basis for recognising hedge ineffectiveness for the year ended 31 December 2019 was HK$45,205,000 and was recognised in the Group's other comprehensive income for the year and accumulated in the exchange fluctuation reserve in equity. As at 31 December 2019, foreign exchange gains of HK$353,789,000 on translation of the net investments in subsidiaries and a joint venture were accumulated in the exchange fluctuation reserve in equity.

The Group has settled all of the GBP denominated bank borrowings and forward contracts that are designated as hedges of the Group's net investments in subsidiaries and a joint venture in the UK during the year ended 31 December 2019. A total foreign exchange loss of HK$18,756,000 on translation of the bank borrowings to HK$ and a fair value loss of HK$44,760,000 on forward currency contracts were recognised in the Group's other comprehensive income for the year ended 31 December 2019 and accumulated in the exchange fluctuation reserve in equity. A fair value loss of HK$18,311,000 relating to the ineffectiveness from hedges of net investments was recognised in the statement of profit or loss for the year ended 31 December 2019. As at 31 December 2019, foreign exchange losses of HK$365,569,000 on translation of the bank borrowings to HK$ and fair value gains of HK$11,780,000 on forward currency contract were accumulated in the exchange fluctuation reserve in equity.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. For listed debt investments, the Group also monitors them by using external credit ratings. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	**Stage 2 HK$'000**	**Stage 3 HK$'000**	**Simplified approach HK$'000**	**Total HK$'000**
Debt investments at fair value through other comprehensive income – Credit rating of B	**1,272,347**	**–**	**–**	**–**	**1,272,347**
Trade receivables	**–**	**–**	**–**	**13,557**	**13,557**
Loans and interest receivables	**317,270**	**–**	**–**	**–**	**317,270**
Financial assets included in prepayments, deposits and other receivables – Normal*	**1,231,366**	**–**	**–**	**–**	**1,231,366**
Deposits with brokerage companies	**10,267**	**–**	**–**	**–**	**10,267**
Pledged deposits	**26,427**	**–**	**–**	**–**	**26,427**
Restricted bank balances	**194,475**	**–**	**–**	**–**	**194,475**
Cash and cash equivalents	**5,518,383**	**–**	**–**	**–**	**5,518,383**
	8,570,535	**–**	**–**	**13,557**	**8,584,092**

As at 31 December 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Debt investments at fair value through other comprehensive income – Credit rating of B	365,798	–	–	–	365,798
Trade receivables	–	–	–	9,449	9,449
Loans and interest receivables	913,152	–	–	–	913,152
Financial assets included in prepayments, deposits and other receivables – Normal*	1,139,383	–	–	–	1,139,383
Deposits with brokerage companies	10,394	–	–	–	10,394
Pledged deposits	965,000	–	–	–	965,000
Restricted bank balances	67,088	–	–	–	67,088
Cash and cash equivalents	6,029,457	–	–	–	6,029,457
	9,490,272	–	–	9,449	9,499,721

* The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual listed equity investments included in financial assets at fair value through profit or loss (note 20) and financial assets at fair value through other comprehensive income (note 19) as at 31 December 2020. The Group's listed investments are listed on the Stock Exchange and are valued at quoted market prices at the end of the reporting period.

The market equity index for the Stock Exchange at the close of business of the nearest trading day in the year to the end of the reporting period, and its respective highest and lowest points during the year are as follows:

	31 December 2020	**High/low 2020**	31 December 2019	High/low 2019
Hong Kong – Hang Seng Index	**27,231**	**29,175/21,139**	28,190	30,280/24,897

The following table demonstrates the sensitivity to every 10% decrease (2019: 10% decrease) in the fair values of the listed equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the listed equity investments included in financial assets at fair value through other comprehensive income, the impact is deemed to be on the fair value reserve (non-recycling).

	Carrying amount of equity investments HK$'000	**Decrease in profit before tax HK$'000**	**Decrease in other components of equity HK$'000**
2020			
Equity investments listed in Hong Kong:			
– Financial assets at fair value through profit or loss	**284,382**	**(28,438)**	**–**
– Financial assets at fair value through other comprehensive income	**2,525,173**	**–**	**(252,517)**
Total	**2,809,555**	**(28,438)**	**(252,517)**
2019			
Equity investments listed in Hong Kong:			
– Financial assets at fair value through profit or loss	223,561	(22,356)	–
– Financial assets at fair value through other comprehensive income	649,689	–	(64,969)
Total	873,250	(22,356)	(64,969)

The Group's management manages the above exposure by maintaining a well-diversified investment portfolio.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents and available funding through an adequate amount of committed credit facilities to meet its projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay, was as follows:

	2020				
	On demand HK$'000	**Within 1 year HK$'000**	**1 to 2 years HK$'000**	**3 to 5 years HK$'000**	**Total HK$'000**
Interest-bearing bank borrowings (Note)	**22,750**	**699,211**	**10,071,345**	**–**	**10,793,306**
Lease liabilities	**–**	**16,880**	**7,258**	**3,728**	**27,866**
Notes payable	**–**	**123,031**	**1,999,016**	**–**	**2,122,047**
Financial liabilities included in other payables and accruals (excluding lease liabilities)	**157,833**	**100,009**	**–**	**–**	**257,842**
	180,583	**939,131**	**12,077,619**	**3,728**	**13,201,061**
Financial guarantees issued: Maximum amount guaranteed	**4,362,904**	**–**	**–**	**–**	**4,362,904**

	2019				
	On demand HK$'000	Within 1 year HK$'000	1 to 2 years HK$'000	3 to 5 years HK$'000	Total HK$'000
Interest-bearing bank borrowings (Note)	985,830	250,117	248,172	7,970,796	9,454,915
Lease liabilities	–	19,492	15,490	5,716	40,698
Notes payable	–	123,031	123,031	1,999,016	2,245,078
Financial liabilities included in other payables and accruals (excluding lease liabilities)	59,560	94,630	–	–	154,190
	1,045,390	487,270	386,693	9,975,528	11,894,881
Financial guarantees issued: Maximum amount guaranteed	5,311,528	–	–	–	5,311,528

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

Note:

Included in interest-bearing bank borrowings of the Group are term loans with an aggregate principal amount of HK$22,750,000 as at 31 December 2020 (2019: HK$985,830,000), of which the respective loan agreements contain a repayment on demand clause giving the banks the unconditional right to call in the loans at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

Notwithstanding the above clause, the directors do not believe that these bank loans will be called in their entirety within 12 months, and they consider that the loans will be repaid in accordance with the maturity dates as set out in the respective loan agreements. This evaluation was made considering: the financial position of the Group at the date of approval of the consolidated financial statements; the Group's compliance with the loan covenants; the lack of events of default, and the fact that the Group has made all previously scheduled repayments on time. In accordance with the terms of the bank loans, the contractual undiscounted payments (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) are as follows:

	Within 1 year HK$'000	**1 to 2 years HK$'000**	**3 to 5 years HK$'000**	**Total HK$'000**
31 December 2020	**12,475**	**10,551**	**–**	**23,026**
31 December 2019	990,564	12,950	10,659	1,014,173

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 2019.

The Group monitors capital using net gearing ratio, which is net debts divided by equity attributable to owners of the parent. Net debts include interest-bearing bank borrowings and notes payable, less cash and bank balances and time deposits. The net gearing ratios as at the end of the reporting periods were as follows:

	2020 HK$'000	2019 HK$'000
Interest-bearing bank borrowings (note 28)	**10,472,568**	8,947,931
Notes payable (note 29)	**1,928,892**	1,922,845
Less: Cash and bank balances and time deposits (note 25)	**(5,739,285)**	(7,061,545)
Net debts	**6,662,175**	3,809,231
Equity attributable to ordinary equity holders of the parent	**20,414,273**	17,506,388
Net gearing ratio	**32.6%**	21.8%

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2020 HK$'000	2019 HK$'000
NON-CURRENT ASSETS		
Property and equipment	**29**	36
Golf club membership	**10,540**	10,540
Investments in subsidiaries	**1,000,390**	1,000,390
Total non-current assets	**1,010,959**	1,010,966
CURRENT ASSETS		
Prepayments, deposits and other receivables	**744**	42,817
Due from subsidiaries	**13,929,656**	11,814,823
Deposits with a brokerage company	**50**	50
Cash and cash equivalents	**104**	108
Total current assets	**13,930,554**	11,857,798
CURRENT LIABILITIES		
Other payables and accruals	**46,536**	86,605
Interest-bearing bank borrowings	**442,792**	–
Total current liabilities	**489,328**	86,605
NET CURRENT ASSETS	**13,441,226**	11,771,193
TOTAL ASSETS LESS CURRENT LIABILITIES	**14,452,185**	12,782,159
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**1,829,127**	–
Net assets	**12,623,058**	12,782,159
EQUITY		
Issued capital	**388,233**	388,233
Reserves (Note)	**12,234,825**	12,393,926
Total equity	**12,623,058**	12,782,159

Cheung Chung Kiu
Director

Lam How Mun Peter
Director

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2019	11,977,078	165,272	171,893	12,314,243
Total comprehensive income for the year	–	–	157,330	157,330
Final 2018 dividend approved	–	–	(77,647)	(77,647)
Lapse of share options	–	(26,453)	26,453	–
At 31 December 2019 and 1 January 2020	**11,977,078**	**138,819**	**278,029**	**12,393,926**
Total comprehensive loss for the year	**–**	**–**	**(81,454)**	**(81,454)**
Final 2019 dividend approved	**–**	**–**	**(77,647)**	**(77,647)**
Lapse of share options	**–**	**(138,819)**	**138,819**	**–**
At 31 December 2020	**11,977,078**	**–**	**257,747**	**12,234,825**

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited after the vesting period.

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 22 March 2021.

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years as extracted from the published audited financial statements is set out below.

RESULTS

	Year ended 31 December				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**588,815**	564,636	651,104	464,561	1,129,416
PROFIT/(LOSS) BEFORE TAX	**622,201**	401,766	190,570	303,493	(289,889)
Income tax credit/(expense)	**(34,033)**	12,257	(19,471)	(11,617)	(66,867)
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	**588,168**	414,023	171,099	291,876	(356,756)

ASSETS AND LIABILITIES

	At 31 December				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Property and equipment	**249,204**	301,405	105,681	99,815	103,837
Investment properties	**15,327,772**	14,902,298	14,394,511	15,228,933	–
Golf club membership	**10,540**	10,540	10,540	10,540	10,540
Investments in joint ventures	**4,700,270**	2,589,186	2,736,999	3,358,046	319,907
Investments in associates	**517,938**	574,221	914,929	227,116	142,666
Financial assets at fair value through other comprehensive income	**2,842,090**	816,872	1,291,140	–	–
Financial assets at fair value through profit or loss	**1,850,497**	605,720	1,445,963	–	–
Available-for-sale investments	**–**	–	–	2,687,399	2,963,697
Prepayments, deposits and other receivables	**5,567**	8,052	280,808	–	–
Derivative financial instruments	**–**	3,247	72,394	44,739	–
Deferred tax assets	**986**	2,312	4,938	–	–
Non-current assets	**25,504,864**	19,813,853	21,257,903	21,656,588	3,540,647
Current assets	**8,635,663**	9,665,082	7,180,954	10,514,449	11,095,824
Current liabilities	**(1,771,932)**	(2,134,276)	(3,567,258)	(8,837,617)	(1,343,787)
Net current assets	**6,863,731**	7,530,806	3,613,696	1,676,832	9,752,037
Non-current liabilities	**(11,954,322)**	(9,838,271)	(7,748,109)	(6,487,671)	(23,896)
Equity attributable to ordinary equity holders of the parent	**20,414,273**	17,506,388	17,123,490	16,845,749	13,268,788

PROPERTY INTEREST HELD BY THE GROUP FOR INVESTMENT

Property Name	Property Location	Usage	Attributable Area (sqf)	Tenure	The Group's Interest
One Kingdom Street	One Kingdom Street, London W2 6BD, United Kingdom	Office and Car parking spaces	265,000	Freehold Interest	100%
The Leadenhall Building	122 Leadenhall Street, London EC3V 4AB, United Kingdom	Office, Retail and Car parking spaces	610,000	Freehold Interest	100%

Definitions

"AGM"	the annual general meeting of the Company to be held on 18 May 2021
"AUD"	Australian dollars, the lawful currency of Australia
"Australia"	the Commonwealth of Australia
"Board"	the board of Directors
"Bye-laws"	the bye-laws of the Company
"CG Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Companies Act"	Companies Act 1981 of Bermuda as amended from time to time
"Company"	C C Land Holdings Limited
"Director(s)"	the director(s) of the Company
"ESR"	Environmental and Social Responsibilities
"EU"	European Union
"GBP"	British Pound Sterling, the lawful currency of the United Kingdom of Great Britain and Northern Ireland
"Group"	the Company and its subsidiaries
"HIBOR"	Hong Kong Interbank Offered Rate
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of the PRC
"kWh"	Kilowatt hour
"LIBOR"	London Interbank Offered Rate
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Appendix 10 to the Listing Rules
"PRC" or "China" or "Mainland China"	The People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company
"sqf"	square feet
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"UK"	United Kingdom, the United Kingdom of Great Britain and Northern Ireland
"US$" or "USD"	United States dollars, the lawful currency of the United States of America
"%"	per cent