



# C C LAND HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 1224

# INTERIM REPORT 2016

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## DIRECTORS

### **Executive directors**

Mr. Cheung Chung Kiu (*Chairman*)  
Dr. Lam How Mun Peter  
(*Deputy Chairman & Managing Director*)  
Mr. Tsang Wai Choi (*Deputy Chairman*)  
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](http://www.ccland.com.hk)

## STOCK CODE

1224

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rooms 3308-10, 33rd Floor  
China Resources Building  
26 Harbour Road  
Wanchai, Hong Kong

## INDEPENDENT AUDITORS

Ernst & Young  
Certified Public Accountants

## LEGAL ADVISORS

**Hong Kong**  
Cheung, Tong & Rosa

**Bermuda**  
Conyers Dill & Pearman

## SHARE REGISTRARS AND TRANSFER OFFICES

**Principal share registrar and transfer office**  
MUFG Fund Services (Bermuda) Limited  
The Belvedere Building  
69 Pitts Bay Road  
Pembroke HM08, Bermuda

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

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited  
Chong Hing Bank Limited  
Hang Seng Bank Limited  
The Bank of East Asia, Limited  
Wing Lung Bank Limited

# Management Discussion and Analysis

On behalf of the Board of Directors (the “Directors” or the “Board”) of C C Land Holdings Limited (the “Company”), I am pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2016.

## BUSINESS REVIEW

Boosted by government support including interest rate cuts and lower deposit requirements, China’s housing market started to recover in the second half of 2015 after having cooled for more than a year. The pace of recovery, however, was slow in non-top-tier cities, and varied from city to city. The developers in economically less developed cities are still carrying inventories at a high level, and may resort to price cuts to stimulate sales.

The year 2016 has been a year of change for the Group after the strategic disposal of the majority of its property projects in 2015. These strategic disposals, timely made under then satisfactory financial conditions, allowed the Group to repay all outstanding loans, leading to a debt free financial position and a powerful war chest as at 30 June 2016. The Group is now sourcing actively potential investment opportunities in tier one cities of China, in Hong Kong, and beyond.

On the other hand, the disposals will inevitably have a negative effect on the revenue and contract sales of the Group as only two projects, in Xi’an and Dazhou respectively, remain in the portfolio. Understandably, during this transitional period, and until new investments are in place, the Group cannot maintain the same level of revenue and profit as in the corresponding period.

For the first half of 2016, the Group recorded a revenue of HK\$752.5 million, a decrease of 81.6% compared to HK\$4,100 million in the first half of 2015. The net profit was HK\$32.5 million, representing a decrease of 95.8% compared to HK\$767.8 million during the same period in 2015. Apart from the decrease in recognized revenue, the decrease in profit was also attributed to the treasury investment segment recording fair value losses of HK\$158.2 million and a realized gain on disposal of equity investment of HK\$5.4 million only as a result of the volatility in the equity market in Hong Kong during the period, against a total of HK\$520.3 million of realized gains and fair value gains in the corresponding period last year.

The profit attributable to shareholders for the period amounted to HK\$32.5 million (six months ended 30 June 2015: HK\$587.7 million), representing a decrease of 94.5% when compared with the same period of last year. The basic earnings per share for the period were HK1.26 cents (six months ended 30 June 2015: HK22.70 cents).

## Recognized Revenue

During the six months ended 30 June 2016, the property sales revenue was HK\$594.6 million (RMB503.0 million) (six months ended 30 June 2015: HK\$3,858.6 million (RMB3,047.8 million)) against a total booked gross floor area (“GFA”) sales of 111,500 sqm (six months ended 30 June 2015: 458,600 sqm). The revenue from property sales and booked GFA represented a decrease of 84.6% and 75.7% respectively from those of the corresponding period of 2015. The Average Selling Price (“ASP”) was RMB4,510 per sqm (six months ended 30 June 2015: RMB6,650 per sqm), representing a decrease of 32.2% due to all delivered units being residential in nature which carries lower ASP and gross profit margin. The booked gross profit margin for the period was 16% (six months ended 30 June 2015: 25%).

The recognized revenue and booked area for the six months ended 30 June 2016 were contributed by the projects of Zhongyu Metropolis in Xi’an and Radiant Bay in Dazhou with a total completion area of 233,600 sqm during the period.

As at 30 June 2016, the unrecognized revenue was approximately RMB423.6 million, against a pre-sold area of 85,900 sqm. All of them are from projects which are completed or expected to be completed in the second half of 2016 and in 2017. The revenue can be recognized only when the relevant property unit has been completed, occupation permit issued and the finished product delivered to the purchaser.

## Contract Sales

The contract sales was RMB275.2 million in the period (six months ended 30 June 2015: RMB2,797.6 million). A total of 55,100 sqm were pre-sold at an ASP of RMB5,000 per sqm, a decrease of 21.1% compared to that in the corresponding period in 2015 due to changes in the projects’ location and in the mix of product within the project. The decrease in contract sales was due to the disposal of projects in 2015 which substantially reduced the number of projects available for sale.

## Land Bank

As at the report date, the Group’s land bank stood at 618,000 sqm GFA which are located in two cities, Xi’an and Dazhou in Western China. The average accommodation value was RMB700 per sqm.

# Management Discussion and Analysis

## Treasury Investment Business

The treasury investment segment recorded a profit of HK\$5.6 million (six months ended 30 June 2015: HK\$528.4 million). The dividends and interests earned from investments and loan receivables totalled HK\$152.4 million (six months ended 30 June 2015: HK\$11.8 million). The realized gains and unrealized losses on listed securities amounted to HK\$5.4 million and HK\$158.2 million respectively (six months ended 30 June 2015: realized and unrealized gains on listed securities amounted to HK\$217.7 million and HK\$302.6 million respectively).

## Financial Position

The Group continues to maintain a high level of liquidity. At 30 June 2016, cash and cash equivalents balances held at major banks and financial institutions in Hong Kong totalled HK\$6.1 billion, compared to HK\$3.1 billion at 31 December 2015. The increase in cash and cash equivalents during the period was principally due to proceeds of approximately HK\$5.0 billion received from the disposal of projects. As at the report date, the Group has outstanding consideration receivables of approximately HK\$2.3 billion in aggregate.

At 30 June 2016, the Group had no gearing.

Trade and other payables stood at HK\$712 million at 30 June 2016 (31 December 2015: HK\$1,100 million). These include HK\$430.9 million (31 December 2015: HK\$742.0 million) of deposits received from presales of properties, and HK\$281.1 million (31 December 2015: HK\$358.0 million) of other provisions arising in the ordinary course of business.

The cash collection ratio for the property business was 91% during the period.

## CORPORATE STRATEGY AND OUTLOOK

The China's housing market has been accompanied by strong growth in personal income. The rapid personal income growth helped support the steady participation by households in the housing market. Mortgage loans were more readily available to homebuyers. These are positive factors, and together with accelerated urbanization, enabled the PRC housing market to remain stable in the long term. Although China's economy is now in a process of transformation, future growth should be more sustainable.

The Group's total completion areas from its two projects in Xi'an and Dazhou in 2017 will be 168,000 sqm, out of which 26% of the residential areas have been pre-sold as at 31 July 2016.

The Group is currently actively looking for acquisition opportunities, and focuses on investing selectively in tier one cities in China, and mature cities globally. The Group has a rigorous internal appraisal process to assess the opportunities and risks of potential acquisitions. Through the management's extensive property business experience and the Group's financial strength, the Group should arrive at purchase decisions smartly, which will enhance the competitiveness of the Group and, in turn, drive growth. The cash position amounted to HK\$6.1 billion as at 30 June 2016, giving the Group the resources to secure potential investment opportunities, which may take the form of equity partnership, joint ventures or otherwise.

## FINANCIAL REVIEW

### Investments

The objectives of investment policy are to minimize risk while retaining liquidity, and to achieve a competitive rate of return.

We invested surplus cash in a diversified portfolio of listed equity securities, perpetual security and unlisted investment funds. At 30 June 2016, the portfolio of investments comprised of listed equity securities, perpetual security and unlisted investment funds with an aggregate carrying value of HK\$3,776.3 million (31 December 2015: HK\$4,245.6 million) which is analyzed in the table below:

	<b>30 June 2016 HK\$'M</b>	31 December 2015 HK\$'M
<b>Equity investments at fair value through profit or loss</b>		
Listed equity securities	<b>865.3</b>	756.5
<b>Available-for-sale investments</b>		
Listed equity securities	<b>1,047.4</b>	1,571.1
Perpetual security	<b>1,317.5</b>	1,305.0
Unlisted investment funds	<b>546.1</b>	613.0
	<b>2,911.0</b>	3,489.1
<b>Total</b>	<b>3,776.3</b>	4,245.6

The perpetual security in the principal amount of US\$170 million was issued by China Evergrande Group (formerly known as Evergrande Real Estate Group Limited), a leading PRC property developer listed on the main board of the Stock Exchange. The perpetual security has no fixed redemption date and carries an annual interest of 9%, providing not only a steady investment return to the Group but also the flexibility of realizing the perpetual security in cash from disposing of or transferring it to other investors at any time with the prior written consent of the issuer. In terms of performance, the Group recognized from its portfolio of investments during the period unrealized fair value losses of HK\$158.2 million (six months ended 30 June 2015: unrealized fair value gains of HK\$302.6 million) in the consolidated statement of profit or loss and HK\$693.3 million (six months ended 30 June 2015: unrealized fair value gains of HK\$173.7 million) in the consolidated statement of other comprehensive income. The realized gains on listed equity securities for the period was HK\$5.4 million (six months ended 30 June 2015: HK\$217.7 million), whereas the amount of dividends and interest income from investments for the period was HK\$142.5 million (six months ended 30 June 2015: HK\$11.8 million). In terms of future prospects of the Group's investments, the performance of the listed equity securities and unlisted investment funds held is to a large extent subject to the corresponding performances of the relevant financial markets which are liable to change rapidly and unpredictably. As to the perpetual security held, the Group will continue to enjoy a steady annual investment return until its disposal, transfer or redemption by the issuer.

The Group will continuously adopt a prudent and cautious investment strategy and will from time to time assess the performance of its portfolio of investments and make timely and appropriate adjustments to fine-tune its investments holding with a view to generating favourable returns for its shareholders.

### Liquidity and Financial Resources

The Group maintained a sound financial and cash position. The Group has no borrowings as at 30 June 2016 (31 December 2015: HK\$800 million).

As at 30 June 2016, the Group's cash and cash equivalents (including pledged and restricted deposits) amounted to HK\$6.1 billion (31 December 2015: HK\$3.1 billion). Of the Group's cash and cash equivalents (including pledged and restricted deposits), 8.3% were denominated in RMB and 91.7% were denominated in US dollars and Hong Kong dollars.

The owners' equity was HK\$13.3 billion (31 December 2015: HK\$14.1 billion) and the net assets value per share was HK\$5.14 (31 December 2015: HK\$5.46).

### Contingent Liabilities/Financial Guarantees

At 30 June 2016, the Group had contingent liabilities/financial guarantee in respect of guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's property units in the amount of HK\$820.6 million (31 December 2015: HK\$695.0 million).

# Management Discussion and Analysis

## Pledge of Assets

At 31 December 2015, cash and bank balances and time deposits in the aggregate amount of HK\$303.5 million has been pledged as security for general banking facilities granted to the Group. The subject security was released upon the full repayment of all bank borrowings as at 30 June 2016.

## Exchange Risks

The revenue from the Group's property business in the PRC is denominated in RMB, and most of its expenses are also denominated in RMB. As a result, the property business is not exposed to material foreign exchange risk. A portion of the Group's outstanding consideration receivables from the disposal of subsidiaries in 2015 is denominated in RMB. To the extent this portion of consideration receivables may be converted into Hong Kong or other currencies, there is exposure to fluctuations in foreign exchange rates. As at 30 June 2016, the Group has not entered into any currency swaps hedge of RMB against Hong Kong dollars.

## EMPLOYEES

As at 30 June 2016, the Group had a total of 284 employees in Hong Kong and China and incurred employee costs in the amount of approximately HK\$48.6 million for the period under review. The Group remunerates its staff based on their merit, qualifications, performance, competence and the prevailing market wage level. In order to attract, retain and motivate employees, an incentive bonus scheme has been established to reward employees based on their performance. Employees are also eligible to be granted share options under the Company's share option scheme at the discretion of the Board. For the six months ended 30 June 2016 and 30 June 2015, no equity-settled share option expense was charged off to the consolidated statement of profit or loss. Other benefits include contributions of mandatory provident funds, medical insurance, on-the-job training and external seminars organized by professional bodies.

## INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30 June 2016, details of the interests and short positions of each of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), were as follows:

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

Name of directors	Interests in shares		Interests in underlying shares pursuant to share options granted by the Company <sup>3</sup>	Aggregate interests	Approximate percentage <sup>4</sup>
	Personal interests	Corporate interests			
Cheung Chung Kiu	–	1,331,205,790 <sup>1&amp;2</sup>	–	1,331,205,790	51.43
Lam How Mun Peter	324,502	–	43,039,000	43,363,502	1.68
Tsang Wai Choi	3,394,242	–	–	3,394,242	0.13
Leung Chun Cheong	666,948	–	1,500,000	2,166,948	0.08
Leung Wai Fai	–	–	3,000,000	3,000,000	0.12

Notes:

- 1,070,810,231 of such shares were held through Thrivetrade Limited ("Thrivetrade"), a company wholly-owned by Mr. Cheung Chung Kiu ("Mr. Cheung"). Accordingly, Mr. Cheung was deemed to be interested in the same number of shares held through Thrivetrade.
- 260,395,559 of such shares were held through Regulator Holdings Limited ("Regulator"), a direct wholly-owned subsidiary of Yugang International (B.V.I.) Limited ("Yugang-BVI"), which is in turn a direct wholly-owned subsidiary of Yugang International Limited ("Yugang"). Yugang was owned by Chongqing Industrial Limited ("CIL"), Timmex Investment Limited ("Timmex") and Mr. Cheung as to approximately 44.06% in aggregate. CIL was owned as to 35%, 30%, 5% and 30% by Mr. Cheung, Peking Palace Limited ("Peking Palace"), Miraculous Services Limited ("Miraculous Services") and Prize Winner Limited ("Prize Winner") respectively. Mr. Cheung had 100% beneficial interest in Timmex. Prize Winner was beneficially owned by Mr. Cheung and his associates. Peking Palace and Miraculous Services were held by Palin Holdings Limited ("Palin") as the trustee for Palin Discretionary Trust, a family discretionary trust, the objects of which included Mr. Cheung and his family. Accordingly, Mr. Cheung was also deemed to be interested in the same number of shares held through Regulator.
- Details of the directors' interests in the underlying shares of the Company pursuant to share options granted by the Company are set out in the section headed "Share Options" below.
- Approximate percentage refers to the aggregate interests of the director in the shares of the Company expressed as a percentage (rounded to two decimal places) of the issued share capital of the Company as at 30 June 2016.

Save as disclosed above, as at 30 June 2016, 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.



# Disclosure of Interests

## SHARE OPTIONS

The Company adopted a share option scheme on 29 April 2005 (“2005 Scheme”), which expired on 29 April 2015. Details of the 2005 Scheme were disclosed in the Company’s circular dated 13 April 2005 and are set out in note 15 to the condensed consolidated financial statements. Movements of the 2005 Scheme during the period from 1 January 2016 to 30 June 2016 were set out below:

Name or category of participants	Number of share options					At 30 June 2016	Date of grant <sup>1</sup> (dd-mm-yyyy)	Exercise period (dd-mm-yyyy)	Exercise price <sup>2</sup> HK\$ per share	Closing price immediately before date of grant HK\$ per share
	At 1 January 2016	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period					
<b>Directors</b>										
Lam How Mun Peter	17,500,000	-	-	-	-	17,500,000	07-05-2009	07-05-2009 to 06-05-2019	3.27	3.47
	21,539,000	-	-	-	-	21,539,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
	4,000,000	-	-	-	-	4,000,000	03-09-2010	01-01-2011 to 02-09-2020	3.31	3.19
	43,039,000	-	-	-	-	43,039,000				
Leung Chun Cheong	1,500,000	-	-	-	-	1,500,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
Leung Wai Fai	3,000,000	-	-	-	-	3,000,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
	47,539,000	-	-	-	-	47,539,000				
<b>Employees</b>										
	10,100,000	-	-	-	-	10,100,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
	800,000	-	-	-	-	800,000	03-09-2010	01-01-2011 to 02-09-2020	3.31	3.19
In aggregate	10,900,000	-	-	-	-	10,900,000				
<b>Others</b>										
In aggregate	4,800,000	-	-	-	-	4,800,000	03-09-2010	03-09-2010 to 02-09-2020	3.31	3.19
<b>Total</b>	63,239,000	-	-	-	-	63,239,000				

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 exercise price of the share options is subject to adjustment in case of any rights issues or bonus issues, or any other changes in the Company’s share capital.

On 21 May 2015, the Company adopted a share option scheme (“2015 Scheme”), details of which were disclosed in the Company’s circular dated 16 April 2015. No share options have been granted under the 2015 Scheme since its adoption and up to 30 June 2016.

## DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 30 June 2016, details of the interests and short positions of every person, other than directors or the chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholders	Capacity in which interests are held	Number of shares held	Approximate percentage <sup>3</sup>
Thrivetrade	Beneficial owner	1,070,810,231 <sup>1</sup>	41.37
Regulator	Beneficial owner	260,395,559 <sup>2</sup>	10.06
Yugang-BVI	Interest of controlled corporation	260,395,559 <sup>2</sup>	10.06
Yugang	Interest of controlled corporation	260,395,559 <sup>2</sup>	10.06
CIL	Interest of controlled corporation	260,395,559 <sup>2</sup>	10.06
Palin	Interest of controlled corporation	260,395,559 <sup>2</sup>	10.06

Notes:

1. These shares were included in the interests of Mr. Cheung in the shares of the Company as disclosed under the paragraph “Interests in shares of the Company (long positions)” of the section headed “Directors’ and Chief Executive’s Interests and Short Positions” above.
2. The interests held by Regulator, Yugang-BVI, Yugang, CIL and Palin respectively as shown above refer to interests in the same block of shares. The said shares were also included in the interests of Mr. Cheung in the shares of the Company as disclosed under the paragraph “Interests in shares of the Company (long positions)” of the section headed “Directors’ and Chief Executive’s Interests and Short Positions” above.
3. Approximate percentage refers to the aggregate interest which the shareholder held or had short positions in the shares of the Company expressed as a percentage (rounded to two decimal places) of the issued share capital of the Company as at 30 June 2016.
4. All of the interests disclosed above represent long positions.

Save as disclosed above, as at 30 June 2016, 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.

### CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2016.

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by directors. Specific enquiries have been made on all directors who have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2016.

### UPDATE ON DIRECTORS' INFORMATION

Mr. Lam Kin Fung Jeffrey was appointed on 25 April 2016 as a director of The Hong Kong Mortgage Corporation Limited.

Dr. Wong Lung Tak Patrick was appointed on 16 June 2016 as an independent non-executive director of Li Bao Ge Group Limited, the shares of which have been listed on the Stock Exchange commencing from 30 June 2016.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

### DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

1. On 27 June 2013, the Company accepted the offer in a facility letter dated 25 June 2013, pursuant to which a 3-year term loan facility for an amount of HK\$500,000,000 or its equivalent is made available for drawdown by the Company. Under the facility letter, it is (among other matters) an event of default if Mr. Cheung, save for certain exceptions, does not or ceases to hold (directly or indirectly) 35% or more of the beneficial shareholding interest, carrying 35% or more of the voting rights, in the issued share capital of the Company. Upon occurrence of an event of default during the committed period from the date of acceptance of the facility letter to the date falling 2 years after the date of such acceptance (whether or not it is continuing), the lender may at any time by notice to the Company declare that the lender's obligation to make the facility available be terminated, whereupon the amount available under the facility shall be reduced to zero forthwith; and/or that if any advance is outstanding, each advance and all interest accrued and all other sums payable under the facility letter be immediately due and payable whereupon the same shall become so due and payable. On or at any time after the making of the aforesaid declaration, the lender shall be entitled, to the exclusion of the Company, to select the duration of interest period(s) until the facility is repaid in full. During the period, the outstanding loan amount under the facility letter was repaid in full.
2. On 13 August 2013, the Company accepted the offer in a facility letter dated 23 July 2013, pursuant to which a 3-year term loan facility for an amount of HK\$500,000,000 or its equivalent in USD is made available for drawdown within 6 months from the acceptance date of the facility letter. Under the facility letter, it is (among other matters) an event of default if Mr. Cheung (i) save for certain exceptions, does not or ceases to hold (directly or indirectly) 35% or more of the beneficial shareholding interest, carrying 35% or more of the voting rights, in the issued capital of the Company; (ii) directly or indirectly, is not or ceases to be the single largest shareholder of the Company; and (iii) does not or ceases to have management control of the Company. After the occurrence of an event of default which is continuing, the lender may on and at any time by notice in writing to the Company declare that the facility has become immediately due and payable, whereupon the facility shall become immediately due and payable and any undrawn balance of the facility shall automatically be cancelled and no longer be available to the Company. During the period, the outstanding loan amount under the facility letter was repaid in full.

### REVIEW OF INTERIM RESULTS

The Audit Committee has discussed with the management and independent auditors the accounting policies and practices adopted by the Group, and has reviewed the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2016.

### APPRECIATION

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

By order of the Board

**Lam How Mun Peter**

*Deputy Chairman & Managing Director*

Hong Kong, 25 August 2016

# Consolidated Statement of Profit or Loss

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>REVENUE</b>	3, 4	<b>752,463</b>	4,100,009
Cost of sales		<b>(498,722)</b>	(2,906,878)
Gross profit		<b>253,741</b>	1,193,131
Other income and gains	4	<b>82,995</b>	441,748
Selling and distribution expenses		<b>(10,747)</b>	(161,774)
Administrative expenses		<b>(96,399)</b>	(212,134)
Other expenses		<b>(158,235)</b>	(7,043)
Finance costs		<b>(9,193)</b>	(76,454)
Share of profits and losses of:			
Joint ventures		<b>(15,817)</b>	(23,228)
Associates		<b>478</b>	18,186
<b>PROFIT BEFORE TAX</b>	5	<b>46,823</b>	1,172,432
Income tax expense	6	<b>(14,328)</b>	(404,674)
<b>PROFIT FOR THE PERIOD</b>		<b>32,495</b>	767,758
Attributable to:			
Owners of the parent		<b>32,495</b>	587,650
Non-controlling interests		<b>–</b>	180,108
		<b>32,495</b>	767,758
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	8		
Basic and diluted		<b>HK1.26 cents</b>	HK22.70 cents

# Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>PROFIT FOR THE PERIOD</b>	<b>32,495</b>	767,758
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Available-for-sale investments:		
Changes in fair value	(693,289)	173,722
Deferred tax	–	(16,689)
	<b>(693,289)</b>	157,033
Exchange fluctuation reserve:		
Exchange differences on translation of foreign operations	(10,444)	1,491
Share of other comprehensive income of joint ventures	(4,429)	122
Share of other comprehensive income of associates	(1,060)	566
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	(709,222)	159,212
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>(709,222)</b>	159,212
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(676,727)</b>	926,970
Attributable to:		
Owners of the parent	(676,727)	746,004
Non-controlling interests	–	180,966
	<b>(676,727)</b>	926,970

# Consolidated Statement of Financial Position

30 June 2016

	Notes	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property and equipment	9	21,522	21,977
Golf club membership		10,540	10,540
Investments in joint ventures		111,403	125,992
Investments in associates		213,526	283,550
Available-for-sale investments		2,910,998	3,489,172
Properties under development	9	392,957	671,340
Consideration receivable on disposal of subsidiaries		493,859	1,140,382
Deferred tax assets		–	12,440
Total non-current assets		4,154,805	5,755,393
<b>CURRENT ASSETS</b>			
Properties under development	9	468,680	997,117
Completed properties held for sale		833,301	300,935
Prepayments, deposits and other receivables		2,606,123	6,113,444
Equity investments at fair value through profit or loss		865,276	756,456
Prepaid income tax and land appreciation tax		29,685	15,927
Deposits with brokerage companies		32,146	3,916
Pledged deposits		–	303,522
Restricted bank balances		62,448	65,009
Cash and cash equivalents		6,023,038	2,774,285
Total current assets		10,920,697	11,330,611
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	10	243,589	269,441
Other payables and accruals		468,411	830,527
Interest-bearing bank borrowings	11	–	450,000
Tax payable		1,033,096	1,033,887
Total current liabilities		1,745,096	2,583,855
<b>NET CURRENT ASSETS</b>		<b>9,175,601</b>	<b>8,746,756</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>13,330,406</b>	<b>14,502,149</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	11	–	350,000
Deferred tax liabilities		18,283	20,947
Total non-current liabilities		18,283	370,947
Net assets		13,312,123	14,131,202
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital	12	258,822	258,822
Reserves		13,053,301	13,872,380
Total equity		13,312,123	14,131,202

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Attributable to owners of the parent									
	Issued capital	Share premium account	Exchange fluctuation reserve	Available-for-sale investment revaluation reserve	Capital reserve**	Retained profits	Share option reserve	Total	Non-controlling interests	Total equity
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
At 1 January 2016	258,822	9,524,823*	2,426*	352,272*	2,166*	3,825,421*	165,272*	14,131,202	-	14,131,202
Profit for the period	-	-	-	-	-	32,495	-	32,495	-	32,495
Other comprehensive income for the period:										
Changes in fair value of available-for-sale investments	-	-	-	(693,289)	-	-	-	(693,289)	-	(693,289)
Share of other comprehensive income of joint ventures	-	-	(4,429)	-	-	-	-	(4,429)	-	(4,429)
Share of other comprehensive income of associates	-	-	(1,060)	-	-	-	-	(1,060)	-	(1,060)
Exchange differences on translation of foreign operations	-	-	(10,444)	-	-	-	-	(10,444)	-	(10,444)
Total comprehensive income for the period	-	-	(15,933)	(693,289)	-	32,495	-	(676,727)	-	(676,727)
Final 2015 dividend approved	-	-	-	-	-	(142,352)	-	(142,352)	-	(142,352)
At 30 June 2016	258,822	9,524,823*	(13,507)*	(341,017)*	2,166*	3,715,564*	165,272*	13,312,123	-	13,312,123
At 1 January 2015	258,822	9,524,823	2,107,508	152,475	-	2,588,167	165,272	14,797,067	1,747,058	16,544,125
Profit for the period	-	-	-	-	-	587,650	-	587,650	180,108	767,758
Other comprehensive income for the period:										
Changes in fair value of available-for-sale investments, net of tax	-	-	-	157,033	-	-	-	157,033	-	157,033
Share of other comprehensive income of joint ventures	-	-	122	-	-	-	-	122	-	122
Share of other comprehensive income of associates	-	-	566	-	-	-	-	566	-	566
Exchange differences on translation of foreign operations	-	-	633	-	-	-	-	633	858	1,491
Total comprehensive income for the period	-	-	1,321	157,033	-	587,650	-	746,004	180,966	926,970
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(2,728)	(2,728)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(194,912)	(194,912)
Final 2014 dividend approved	-	-	-	-	-	(129,411)	-	(129,411)	-	(129,411)
At 30 June 2015	258,822	9,524,823	2,108,829	309,508	-	3,046,406	165,272	15,413,660	1,730,384	17,144,044

\* These reserve accounts comprise the consolidated reserves of HK\$13,053,301,000 (31 December 2015: HK\$13,872,380,000) in the consolidated statement of financial position.

\*\* The capital reserve represents the Group's share of capital reserve of its associate arising from its capital injection.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Note	Six months ended 30 June	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from/(used in) operations		(1,071,974)	704,128
Tax paid, net		(18,864)	(482,677)
Interest paid		(14,924)	(332,850)
Net cash flows used in operating activities		(1,105,762)	(111,399)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of subsidiaries that are not a business		–	(17,747)
Loans to joint ventures		(5,657)	(40,905)
Loan to a non-controlling shareholder		–	(46,395)
Payment of land premium and related transaction costs		–	(22,426)
Proceeds from disposal of subsidiaries in prior year		5,034,808	–
Purchases of available-for-sale investments		(115,115)	(200,000)
Decrease in pledged deposits		305,311	888,260
Deposits received in respect of disposal of subsidiaries		–	686,282
Other cash flows arising from investing activities		83,009	158,844
Net cash flows from investing activities		5,302,356	1,405,913
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	7	(142,352)	(129,411)
Dividends paid to non-controlling shareholders		–	(194,912)
Increase in advances from non-controlling shareholders		–	90
Repayment of bank and other borrowings, net		(800,000)	(2,558,522)
Net cash flows used in financing activities		(942,352)	(2,882,755)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>3,254,242</b>	<b>(1,588,241)</b>
Cash and cash equivalents at beginning of period		2,774,285	6,280,933
Effect of foreign exchange rate changes, net		(5,489)	1,669
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>6,023,038</b>	<b>4,694,361</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		5,824,538	4,140,931
Non-pledged time deposits with original maturity of less than three months when acquired		198,500	209,093
Cash and cash equivalents as stated in the consolidated statement of financial position		6,023,038	4,350,024
Cash and cash equivalents attributable to a disposal group classified as held for sale		–	344,337
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows		6,023,038	4,694,361

## 1. BASIS OF PREPARATION

C C Land Holdings Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and whose shares are publicly traded on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are described in note 3 to the condensed consolidated financial statements.

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

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2015.

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong, except for the adoption of the new and revised HKFRSs as disclosed in note 2 to the condensed consolidated financial statements.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
HKFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs

The adoption of these HKFRSs has had no significant financial effect on the unaudited interim condensed consolidated financial statements.

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

## 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

Property development and investment segment	—	Development and investment of properties
Treasury investment segment	—	Investments in securities and notes receivables, and provision of financial services

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group’s profit before tax except that finance costs and head office and corporate income and expenses are excluded from such measurement.



# Notes to Condensed Consolidated Financial Statements

30 June 2016

## 3. OPERATING SEGMENT INFORMATION *(continued)*

Information regarding these reportable segments is presented below.

### Reportable segment information

For the six months ended 30 June (Unaudited)

	Property development and investment		Treasury investment		Total	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
<b>Segment revenue</b>						
Sales to external customers	594,621	3,870,525	157,842	229,484	752,463	4,100,009
<b>Segment results</b>	<b>73,843</b>	734,729	<b>(712)</b>	528,408	<b>73,131</b>	1,263,137
Corporate and unallocated income					-	319
Corporate and unallocated expenses					(17,115)	(14,570)
Finance costs					(9,193)	(76,454)
Profit before tax					<b>46,823</b>	1,172,432

## 4. REVENUE, OTHER INCOME AND GAINS

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

	Six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>Revenue</b>		
Sale of properties	594,621	3,858,589
Gross rental income	-	11,936
Gains on disposal of equity investments at fair value through profit or loss, net	5,449	217,726
Dividend income from listed equity investments	81,931	11,711
Interest income from a perpetual security	60,605	-
Interest income from loan receivables and debt investments	9,857	47
	<b>752,463</b>	4,100,009
<b>Other income and gains</b>		
Bank interest income	13,346	52,696
Other interest income	27,463	51,298
Exchange gains, net	38,765	-
Compensation for termination of a joint venture project	-	22,797
Gain on disposal of investment properties	-	5,525
Fair value gains on equity investments at fair value through profit or loss, net	-	302,559
Others	3,421	6,873
	<b>82,995</b>	441,748

# Notes to Condensed Consolidated Financial Statements

30 June 2016

## 5. PROFIT BEFORE TAX

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

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Cost of properties sold	<b>498,722</b>	2,904,929
Depreciation	<b>2,206</b>	14,454
Less: Amount capitalised	<b>(226)</b>	(1,339)
	<b>1,980</b>	13,115
Fair value losses/(gains) on equity investments at fair value through profit or loss, net	<b>158,234</b>	(302,559)
Amortisation of prepaid land lease payments	–	1,280
Interest on bank and other borrowings	<b>14,924</b>	371,558
Less: Interest capitalised	<b>(5,731)</b>	(295,104)
	<b>9,193</b>	76,454
Employee benefit expense (including directors' remuneration):		
Wages and salaries	<b>46,550</b>	172,245
Pension scheme contributions	<b>2,086</b>	6,331
Less: Amount capitalised	<b>(3,833)</b>	(64,230)
	<b>44,803</b>	114,346

## 6. INCOME TAX

No Hong Kong profits tax has been provided as the Group does not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2015: Nil). Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China.

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current charge for the period		
Mainland China	<b>18,453</b>	193,349
Underprovision in prior periods		
Mainland China	<b>354</b>	298
Land appreciation tax charge/(credit) for the period	<b>(14,492)</b>	234,093
Deferred tax	<b>10,013</b>	(23,066)
Total tax charge for the period	<b>14,328</b>	404,674

## 7. DIVIDENDS

During the six months ended 30 June 2016, the Company declared a final dividend of HK\$0.055 per ordinary share amounting to HK\$142,352,000 for the year ended 31 December 2015 which was paid on 8 June 2016.

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

During the six months ended 30 June 2015, the Company declared a final dividend of HK\$0.05 per ordinary share amounting to HK\$129,411,000 for the year ended 31 December 2014 which was paid on 10 June 2015.

# Notes to Condensed Consolidated Financial Statements

30 June 2016

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

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

No adjustment has been made to the basic earnings per share presented for the six months ended 30 June 2016 and 2015 in respect of a dilution as the share options outstanding had no dilutive effect on the basic earnings per share presented.

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

	Six months ended 30 June 2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	32,495	587,650
<b>Shares</b>		
	Six months ended 30 June 2016	2015
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	2,588,223,112	2,588,223,112

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

During the six months ended 30 June 2016, the Group incurred HK\$1,796,000 (six months ended 30 June 2015: HK\$7,519,000) on the additions of items of property and equipment.

During the six months ended 30 June 2016, the Group incurred HK\$235,493,000 (six months ended 30 June 2015: HK\$4,270,174,000) on the additions of properties under development.

## 10. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Within 1 year	243,589	269,441

## 11. INTEREST-BEARING BANK BORROWINGS

	30 June 2016 (Unaudited)			31 December 2015 (Audited)		
	Contractual interest rate	Maturity	HK\$'000	Contractual interest rate	Maturity	HK\$'000
<b>Current</b>						
Bank loans – secured	N/A	N/A	–	HIBOR + 3.15% to HIBOR +3.5%	2016	450,000
<b>Non-current</b>						
Bank loans – secured	N/A	N/A	–	HIBOR + 3.15%	2017	350,000
			–			800,000
Analysed into:						
Bank borrowings repayable:						
Within one year or on demand			–			450,000
In the second year			–			350,000
			–			800,000

# Notes to Condensed Consolidated Financial Statements

30 June 2016

## 12. SHARE CAPITAL

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Authorised:		
5,000,000,000 (31 December 2015: 5,000,000,000) ordinary shares of HK\$0.10 (31 December 2015: HK\$0.10) each	<b>500,000</b>	500,000
Issued and fully paid:		
2,588,223,112 (31 December 2015: 2,588,223,112) ordinary shares of HK\$0.10 (31 December 2015: HK\$0.10) each	<b>258,822</b>	258,822

## 13. COMMITMENTS

The Group had the following commitments in respect of property development expenditures at the end of the reporting period:

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Contracted, but not provided for	<b>267,015</b>	452,545

## 14. FINANCIAL GUARANTEES

At the end of the reporting period, the Group had the following financial guarantees:

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Guarantees in respect of mortgage facilities provided for certain customers	<b>820,636</b>	694,957

The Group have arranged bank financing for certain purchasers of their property units and provided guarantees to secure the obligations of these purchasers for repayments. The guarantees terminate upon the earlier of (i) the issuance of the real estate ownership certificates which will generally be available within one year upon the completion of guarantee registration; and (ii) the satisfaction of mortgaged loans by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with any accrued interest and penalty owed by the defaulted purchasers to the banks and the banks are entitled to take over the legal titles and possession of the related properties. The guarantee period starts from the dates of grant of the mortgages. The directors of the Company consider that the fair value of the guarantees is not significant and in the case of default on payments, the net realisable value of the related properties will exceed the repayment of the outstanding mortgage principals together with the accrued interest and penalties. Therefore, no provision has been made in the financial statements for the guarantees.

# Notes to Condensed Consolidated Financial Statements

30 June 2016

## 15. SHARE-BASED PAYMENTS

The following share options were outstanding during the period:

Date of grant of share options *	Number of share options						Exercise period of share options	Exercise price of share options HK\$ per share	Closing price of the Company's shares** HK\$ per share
	At 1 January 2016	Granted during the period	Exercise during the period	Cancelled during the period	Lapsed during the period	At 30 June 2016			
07-05-2009	17,500,000	-	-	-	-	17,500,000	07-05-2009 to 06-05-2019	3.27	3.47
03-09-2010	40,939,000	-	-	-	-	40,939,000	03-09-2010 to 02-09-2020	3.31	3.19
03-09-2010	4,800,000	-	-	-	-	4,800,000	01-01-2011 to 02-09-2020	3.31	3.19
	63,239,000	-	-	-	-	63,239,000			

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

\*\* The price of the Company's shares disclosed as at the date of grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of grant of the options.

No share option expense was recognised by the Group during the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

## 16. PLEDGE OF ASSETS

At 31 December 2015, cash and bank balances and time deposits in the aggregate amount of HK\$303,522,000 were pledged as security for general banking facilities granted to the Group.

## 17. RELATED PARTY TRANSACTIONS

(a) Transactions with a related party:

During the six months ended 30 June 2015, certain of the Group's buildings and prepaid land lease payments with an aggregate carrying amount of HK\$11,361,000 were provided to a family member of a director for the operation of a school free of charge. Those buildings and prepaid land lease payments had been disposed of in the disposal of Starthigh International Limited during the year ended 31 December 2015.

(b) Outstanding balances with related parties:

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Loans to joint ventures	23,610	17,953
Due from an associate	4,370	16,381
Due to an associate	112,323	59,261

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

	Six months ended 30 June 2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Short term employee benefits	11,030	8,820
Post-employment benefits	513	426
Total compensation paid to key management personnel	11,543	9,246

## 18. FAIR VALUE MEASUREMENT

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted bank balances, deposits with brokerage companies, trade and bills payables, financial assets included in loan receivables, prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amounts due from/to joint ventures and associates and 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 director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the director 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 director. 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 methods and assumptions used to estimate the fair values are summarised below.

The Group's own non-performance risk for interest-bearing bank borrowings as at 31 December 2015 was assessed to be insignificant.

The fair values of listed available-for-sale equity investments are based on quoted market prices. The fair values of unlisted available-for-sale equity investments are derived from the net asset value per share of the investments. The fair value of perpetual security is valued by an independent professionally qualified valuer. The directors believe that the estimated fair values resulting from the valuation, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

### Fair value hierarchy

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

Assets measured at fair value:

#### As at 30 June 2016 (Unaudited)

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Available-for-sale investments:				
Equity investments	1,593,498	–	–	1,593,498
Debt investments	–	1,317,500	–	1,317,500
Equity investments at fair value through profit or loss	865,276	–	–	865,276
	2,458,774	1,317,500	–	3,776,274

#### As at 31 December 2015 (Audited)

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Available-for-sale investments:				
Equity investments	2,184,123	–	–	2,184,123
Debt investments	–	1,305,049	–	1,305,049
Equity investments at fair value through profit or loss	756,456	–	–	756,456
	2,940,579	1,305,049	–	4,245,628

# Notes to Condensed Consolidated Financial Statements

30 June 2016

## 18. FAIR VALUE MEASUREMENT *(continued)*

### Fair value hierarchy *(continued)*

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

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Available-for-sale investments:		
At 1 January	–	307,117
Total gains recognised in other comprehensive income	–	66,857
At 30 June	–	373,974

The Group did not have any financial liabilities measured at fair value as at 30 June 2016 and 31 December 2015.

During the six months ended 30 June 2016, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2015: Nil).

## 19. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited interim condensed consolidated financial statements were approved by the board of directors on 25 August 2016.