



# C C LAND HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 1224

## INTERIM REPORT 2020



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## 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

## 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

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 2020.

## BUSINESS REVIEW

The outbreak of the COVID-19 (coronavirus) pandemic has caused tremendous economic losses all over the world as a result of lockdowns and social distancing restrictions. The Group’s property investment and development portfolio is mainly in the UK. While it is too early to predict the impact of the pandemic on the property and leasing industry in the UK with any certainty, the Group can fortunately report that the pandemic has only limited impact on its rental business for the period under review. The Group’s revenue for the first half of 2020 was steady, reflecting a slight drop on rental revenue as a result of the depreciation of approximately 4% of the average exchange rate of the GBP against the HK\$ compared with the corresponding period last year.

The Group’s operational response to the pandemic was proactive. Its local teams continue to follow all the guidelines issued by the relevant authorities and took a stringent approach to the cleanliness and hygiene of its assets, and kept its buildings safe and secure for both tenants and guests.

In the United Kingdom, rental recovery for the second quarter of 2020 has been challenging across the industry as most of the negative economic impact from COVID-19 emerged in the second quarter. Within the Group’s portfolio, the rental recovery has been over 94% due to its heavy weighting of blue chip tenants and high quality asset management. The Group expects this trend of rent collections to continue into the second half of the year, while taking measures to mitigate the impact by working with its tenants on options of rent deferrals and payments. This cannot be done without the help of the Group’s strong financial position, providing buffer on the Group’s strong liquidity position.

In January this year, a soft presale of Phase I Nine Elms Square for internal staff and close acquaintances was launched largely through online marketing and met with satisfactory response. The first phase of this project includes three luxurious residential buildings, totaling approximately 680,000 square feet (“sqf”) of saleable area. Construction is expected to be completed by 2023.

## Revenue and Operating Profit

In the first half of the year, the Group has achieved a total revenue amounting to HK\$277.4 million (six months ended 30 June 2019: HK\$279.0 million) which represents a slight decrease of 1% compared with the same period last year.

The London investment property portfolio continues to provide a stable source of rental income of HK\$236.1 million for the period ended 30 June 2020 (six months ended 30 June 2019: HK\$239.9 million). The Group expects this to remain the case for the foreseeable future, notwithstanding the short-term potential impact associated with COVID-19.

In the Whiteleys Project, vacant possession is underway and on-site foundation work has started.

Attributable losses of HK\$17.1 million for the joint venture operations of both Nine Elms Square and the Melbourne Spring Street Projects were recorded, primarily due to marketing costs and planning expenses incurred.

Overall, the Group sustained a loss attributable to shareholders of HK\$1.9 million (six months ended 30 June 2019: a profit of HK\$84.5 million). The basic loss per share for the period was HK0.05 cents (six months ended 30 June 2019: earnings per share of HK2.18 cents).

The loss for the period was largely due to the increase in finance costs of HK\$66.8 million for the period under review following a full period of reflection of the interest incurred on the 3-year guaranteed notes issued by the Group in June 2019, the drawdown on a new bank loan in April 2020, as well as the decrease in contribution from the Group’s joint venture investments by HK\$72.3 million. These negative impacts had been partially offset by the increase in fair value gains of HK\$42.0 million from the investment portfolio.

## Investment Properties

As at 30 June 2020, the Group owns two commercial properties in United Kingdom and one in Australia through its subsidiaries and a joint venture respectively for rental income.

# Management Discussion and Analysis

## United Kingdom

The Group has a quality office portfolio in Central London, the prime financial and insurance districts of United Kingdom, namely The Leadenhall Building and One Kingdom Street respectively. These two buildings are our core rental business and continue to contribute a strong revenue income. Both buildings are 100% owned by the Group with a total of approximately 875,000 sqf of leasable area. Strong demands for quality commercial spaces means the two buildings were effectively fully leased as at 30 June 2020.

The Group constantly focuses on improving the buildings to secure rental uplifts and lease extensions. As part of enhancing customers service and meeting customer needs, the Group has invested in amenities in the buildings.

During the six months ended 30 June 2020, the Group generated a rental income of HK\$236.1 million (six months ended 30 June 2019: HK\$239.9 million) from its investment properties in the United Kingdom.

### *The Leadenhall Building*

The Leadenhall Building is a skyscraper in London, having a height of 225 metres (738 feet). It is one of the iconic buildings in Central London, featuring state of the art technology. The building's unique design has created a number of specific spaces to match the different needs of its tenants' businesses. It has evolved into a modern and relaxing workplace with famous food and beverage restaurants around. The combination of modern offices and food experiences has helped the building's tenants to keep and attract talents. This 46-storeyed office building is held by the Group as an investment property for long term capital growth. It comprises approximately 610,000 sqf of office and retail space, and is fully multi-let with a weighted average unexpired lease term of approximately 10 years with over 7 years on a term-certain basis. The building's tenant base includes a number of renowned international insurance companies and other financial institutions, technology, and professional service businesses. The current annual contract rental income of The Leadenhall Building is in the region of GBP40.5 million. The rental yield is approximately 3.5% per annum. The Group will continue to diversify the building's tenant mix and ensure that the building remains as the ultimate choice in its asset class. The rental income for the six months ended 30 June 2020 was GBP16.7 million (six months ended 30 June 2019: GBP16.0 million).

In March, the reception counter at the main entrance of the building had undergone modifications and upgrades to accommodate two large digital screens on the back wall, creating a new striking look to the reception area. In addition to hardware improvement, a "The Leadenhall Building App" has been developed to coordinate building-wide events and activities, and to provide a forum for members to give input to and support future development of the building.

Innovative marketing events were staged to maintain the public image and status of the building as an iconic international building. The management organized a program branded "Leadenhall Live" for 2020, focusing on wellness and fitness, food based events, educational events and community engagement. The campaign aims to let more people experience in person the grand design of the building and its spacious and advanced interior facilities. New modern eateries were introduced to enhance dining experience. During the period of lockdown, the enlightenment programme had to be delivered online as the building occupancy was low and most tenants were working from home. The virtual enlightenment programme connected The Leadenhall Building occupiers through a virtual community by incorporating health and wellbeing activity. The recently unveiled bespoke building app became a key instrument for the ongoing occupier engagement program.

### *One Kingdom Street*

One Kingdom Street resides in The Paddington Central area, just 15 minutes walk to Oxford Street. The building itself features elegant glazed exteriors and a quality functional entrance hall, leading to a reception lounge and central atrium, while above, 265,000 sqf of superior office space is spread over nine beautifully finished floors. There is a huge amount of natural light in every office to create a productive and enjoyable working environment.

One Kingdom Street building offers approximately 265,000 sqf of high quality Grade A office accommodation and some parking spaces, with a current annual rental income of approximately GBP15.0 million, equivalent to an annual yield of 5.0%. The building is fully leased to reputable major tenants. The rental income for the six months ended 30 June 2020 was GBP7.6 million (six months ended 30 June 2019: GBP7.6 million).

Tenant-mix enhancement initiatives were implemented to meet the evolving customer demands. Various inspirational initiatives and promotional events were introduced to enrich cultural context for the community. Before the outbreak of the Coronavirus, as part of the occupier engagement program, a sustainable wreath making workshop for occupiers was hosted in the building's reception on their lunch break, creating wall hangings and centrepieces with dried flowers and botanicals which occupiers could then take home and enjoy for some time.

## Australia

### *85 Spring Street, Melbourne*

The building is located on a prime site in the Melbourne CBD overlooking the parliamentary area and near a public park and is surrounded with international retailers, restaurants and magnificent historic buildings. The property has a site area of 13,358 sqf. Planning has been submitted for a commercial office tower to provide approximately 307,000 sqf of net lettable office accommodation over 35 levels plus retail space of 5,000 sqf, with four basement parking levels. The building benefits from dual street frontage, and direct access to the Parliament Train Station. The acquisition cost amounted to AUD112 million in which the Group has a 41.9% effective interest.

## Joint Ventures

As at 30 June 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.

### *Nine Elms Square – London*

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

Nine Elms Square sits at a bend of the River Thames so that it offers sweeping views across the entire London city. It is in a great location next to the Thames where tall residential buildings are rare. The planned residential services and amenities and a top class residents' club will certainly boost its popularity.

Nine Elms Square is a ten-acre site residential led mixed-use scheme in the south of River Thames, comprising a total of 12 buildings and 1,500 residential units with a total saleable area of approximately 1.7 million sqf and some retail and office components. This project will be developed in two phases. Construction of Phase I is progressing well but development activity has slowed due to COVID-19. Most of the residential units will enjoy a panoramic view of the River Thames. Phase I of the project will be developed through 2023. Of the 100 units which has been launched for presale to staff and invited friends, 47% has been taken up as at the period ended 30 June 2020.

### *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 finished project with about 580,000 sqf will house 153 apartments, a 5-star hotel, retail spaces with a mix of independent retailers, a gymnasium, a cinema and restaurants, offering an exceptional regeneration opportunity in prime Central London. Demolition work was completed. The foundation work has progressed well in the period as the current work patterns have not been affected by the social distancing on site associated with the pandemic. 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 30 June 2020, the capital investment contributed by the Group amounted to GBP53.7 million.

### *Harbourside HQ – Hong Kong*

Harbourside HQ is strategically located close to the junction of MTR Kwun Tong line and Shatin to Central Link, as well as near to the Tate's Cairn and Eastern Harbour Crossing, making it highly accessible, linking to different parts of Hong Kong. With its unique location, Harbourside HQ provides a panoramic harbour view from the Lei Yue Mun Straits to the Victoria Harbour. It is a 28-storeyed commercial building, with a total leasable area of approximately 795,000 sqf including retail space on G/F and 1/F, together with car parks. The nearby retail and commercial structures offer tenant amenities in shopping, dining and entertainment. The cost of acquisition was HK\$7.5 billion in which the Group has a 25% ownership interest. The building is undergoing renovation works to upgrade the main lobby, glass curtain wall, external facade and office floors, keeping to the minimum disturbance to the existing tenants. These renovations will boost the property's rental appeal to achieve higher rental yields. Demands in the Hong Kong office leasing market slowed during the period as a result of the ongoing China-US trade negotiations and the unrest experienced in Hong Kong. At the end of June 2020, occupancy rate at the Harbourside HQ was 73%.

### *Development Project – PRC*

The Group entered into an agreement to participate in a 33.33% interest in a joint venture of a development project in Chongqing with a planned investment of about RMB800 million. The project is located in 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 planned to be opened in the vicinity. The development project will comprise 7.0 million sqf of commercial, retail and residential spaces. Construction for the first phase of 3.7 million saleable sqf commenced in the first half of 2020 and completion is expected in the second half of 2022.

# Management Discussion and Analysis

## Treasury Investment Business

The treasury investment segment recorded a gain of HK\$99.9 million (six months ended 30 June 2019: HK\$61.5 million). The dividends and interests earned from investments and loans receivable amounted to HK\$41.3 million (six months ended 30 June 2019: HK\$45.2 million). The fair value gain from its investment portfolio amounted to HK\$84.0 million (six months ended 30 June 2019: HK\$42.0 million). No realized transaction/profit was recorded in the period (six months ended 30 June 2019: realized loss of HK\$5.4 million).

## CORPORATE STRATEGY AND OUTLOOK

Looking forward, the Group remains confident in the underlying strength of its business despite the potential adverse impact of the pandemic which is severely affecting economic activities. Its business is resilient to these adversities as its property portfolio is practically fully let to quality tenants on long leases; and its financials are strong with only a moderate Loan-To-Value, low costs and long termed financing.

Mindful that the effect of COVID-19 may go on for some time in the future, the Group will aim to preserve its balance sheet and flexibility so as to sustain a prolonged downturn and to be well placed to capitalize on any opportunities that may arise. The Group remains optimistic about the long-term prospects of London and believes the fundamentals that make London the preferred destination for business and investment will remain unchanged.

By adhering to its prudent strategy of achieving asset growth through improving earnings, the Group continues to enhance its property business and explore global opportunities in metropolitan cities to expand the recurrent income base. Its relatively low gearing level, ample liquidity and strong financial fundamentals have always been solid anchor features.

## FINANCIAL REVIEW

### Investments

The Group has maintained a strong capital base and sufficient financial resources to support business development and growth. It regularly reviews and manages its capital structure to ensure that its financial position remains sound to provide returns to shareholders while keeping financial leverage at a prudent level. The objectives of the Group's investment policy are to minimize risk while retaining liquidity, and to achieve a competitive rate of return.

The Group invested surplus cash in a diversified portfolio of listed equity securities, unlisted investment funds and debt instruments. As at 30 June 2020, the portfolio of investments comprised of listed equity securities, unlisted investment funds and debt instruments with an aggregate carrying value of HK\$2,864.8 million (31 December 2019: HK\$1,922.2 million) which is listed in the table below:

	30 June 2020 HK\$' million	31 December 2019 HK\$' million
<b>Financial assets at fair value through profit or loss</b>		
Listed equity securities	254.4	223.6
Unlisted investment funds	1,316.2	605.7
Debt instruments	73.2	77.4
	<b>1,643.8</b>	906.7
<b>Financial assets at fair value through other comprehensive income</b>		
Listed equity securities	867.9	649.7
Debt instruments	353.1	365.8
	<b>1,221.0</b>	1,015.5
<b>Total</b>	<b>2,864.8</b>	1,922.2

As at the reporting date, no single investment of the Group's portfolio of investments accounting for 5% or more of its total assets.

In terms of performance, the Group recognized from its portfolio of investments during the period an unrealized fair value gain of HK\$84.0 million (six months ended 30 June 2019: HK\$42.0 million) in the consolidated statement of profit or loss, and an unrealized fair value gain of HK\$205.6 million (six months ended 30 June 2019: fair value loss of HK\$139.8 million) in the consolidated statement of other comprehensive income. No realized profit on the portfolio of investments recorded in the period (six months ended 30 June 2019: realized loss of HK\$5.4 million), whereas the amount of dividends and interest income from investments was HK\$19.6 million (six months ended 30 June 2019: HK\$24.2 million). In terms of future prospects of the Group's investments, the performance of the listed equity securities and unlisted investment funds held is to a large extent subject to the performances of the relevant financial markets which are liable to change rapidly and unpredictably.

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

## Liquidity and Financial Resources

The Group's consolidated net borrowing, which consists of cash and bank balances and time deposits minus total bank borrowings and notes payable, increased to HK\$4.4 billion at 30 June 2020, compared to HK\$3.8 billion at 31 December 2019. The increase was due to capital investments of HK\$1.3 billion in the Group's joint venture projects. As a result, the Group's gearing increased moderately to 25.7% at 30 June 2020 from 21.8% at 31 December 2019, which is still considered as at a healthy level.

As at 30 June 2020, the Group had total bank borrowings and notes payable amounting to HK\$11.6 billion with a maturity profile spread over a period of 3 years with HK\$0.3 billion repayable within one year and the remaining HK\$11.3 billion repayable after one year.

The Group's weighted average cost of borrowings for the period was 3.3%, marginally higher than the corresponding period of last year as a result of the 6.35% 3-year guaranteed notes issued in June 2019.

As at 30 June 2020, 67% of the Group's total borrowings was at fixed or hedged rates (31 December 2019: 64%). As at 30 June 2020, the Group had HK\$6.4 billion of cash and available facilities, net of the guaranteed notes issued.

As at 30 June 2020, cash and bank balances and time deposit totalled HK\$7.3 billion as compared to HK\$7.1 billion as at 31 December 2019. About 41% of the Group's bank deposits and cash were denominated in HKD, 28% in USD, 24% in GBP, and 7% in RMB.

The Group continues to maintain a high level of liquidity. Total assets as at the end of June 2020 were HK\$29.7 billion, of which approximately 32% was current in nature. Net current assets were HK\$8.2 billion and accounted for approximately 49% of the net assets of the Group.

As at 30 June 2020, the owners' equity was HK\$16.9 billion (31 December 2019: HK\$17.5 billion) and the net assets value per share was HK\$4.36 (31 December 2019: HK\$4.51).

## Contingent Liabilities/Financial Guarantees

At 30 June 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\$191 million (31 December 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 (31 December 2019: HK\$1,119 million).
3. Guarantees given to a bank and an independent third party in connection with facilities granted to associates up to HK\$1,469 million (31 December 2019: HK\$1,479 million) and the related facilities were utilized to the extent of HK\$1,469 million (31 December 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\$1.2 billion and HK\$0.8 billion respectively (31 December 2019: HK\$1.7 billion and HK\$0.8 billion respectively).



# Management Discussion and Analysis

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## Pledge of Assets

As at 30 June 2020, investment properties and property and equipment in the respective amount of HK\$13.9 billion and HK\$76 million have been pledged as security for banking facilities granted to the Group.

## Exchange Risks and Hedging

The Group manages its treasury activities within established risk management objectives and policies. The main objectives are to manage exchange, interest 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 forward currency exchange contracts to offset against any unexpected and unfavorable currency movements, which may result in a loss on translation of the foreign investment into Hong Kong dollars. As at the end of the period, no forward currency exchange contract has been executed by the Group.

## EMPLOYEES

As at 30 June 2020, the Group employed a total of 123 employees in Hong Kong, China and United Kingdom for its principal business. Remuneration cost for the first half year (excluding directors' emoluments) amounted to approximately HK\$47 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 merits, qualifications, performance and competence. Other benefits offered to employees include contributions to the mandatory provident fund, medical and travel insurances, and training subsidies.

Employees are also granted share options under the Company's share option scheme at the discretion of the Board. For the six months ended 30 June 2020, no equity-settled share option expense was charged off to the consolidated statement of profit or loss.

## INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

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

As at 30 June 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 Securities and Futures Ordinance (the "SFO")) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

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

Name of directors	Interests in shares		Interests in underlying shares pursuant to share options granted by the Company <sup>2</sup>	Aggregate interests	Approximate percentage <sup>3</sup>
	Personal interests	Corporate interests			
Cheung Chung Kiu	–	2,116,847,906 <sup>1</sup>	–	2,116,847,906	54.53
Lam How Mun Peter	486,753	–	25,911,869	26,398,622	0.68
Leung Chun Cheong	667,000	–	1,521,900	2,188,900	0.06
Leung Wai Fai	–	–	3,043,800	3,043,800	0.08

Notes:

- 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 Mr. Cheung Chung Kiu ("Mr. Cheung").
- 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 a director in the shares of the Company expressed as a percentage (rounded to two decimal places) of the issued share capital of the Company as at 30 June 2020.

Save as disclosed above, as at 30 June 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.

## SHARE OPTIONS

The Company adopted a share option scheme on 29 April 2005 ("2005 Scheme"), which expired on 29 April 2015. Details of the 2005 Scheme were disclosed in the Company's circular dated 13 April 2005. Movements of the 2005 Scheme during the period from 1 January 2020 to 30 June 2020 were set out below:

Name or category of participants	Number of share options					At 30 June 2020	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 2020	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period					
<b>Directors</b>										
Lam How Mun Peter	21,853,469	–	–	–	–	21,853,469	03-09-2010	03-09-2010 to 02-09-2020	3.2624	3.19
	4,058,400	–	–	–	–	4,058,400	03-09-2010	01-01-2011 to 02-09-2020	3.2624	3.19
	25,911,869	–	–	–	–	25,911,869				
Leung Chun Cheong	1,521,900	–	–	–	–	1,521,900	03-09-2010	03-09-2010 to 02-09-2020	3.2624	3.19
Leung Wai Fai	3,043,800	–	–	–	–	3,043,800	03-09-2010	03-09-2010 to 02-09-2020	3.2624	3.19
	30,477,569	–	–	–	–	30,477,569				
<b>Employees</b>										
	10,146,000	–	–	–	–	10,146,000	03-09-2010	03-09-2010 to 02-09-2020	3.2624	3.19
	811,680	–	–	–	–	811,680	03-09-2010	01-01-2011 to 02-09-2020	3.2624	3.19
	10,957,680	–	–	–	–	10,957,680				
<b>Others</b>										
	4,870,080	–	–	–	–	4,870,080	03-09-2010	03-09-2010 to 02-09-2020	3.2624	3.19
<b>Total</b>	46,305,329	–	–	–	–	46,305,329				

# Disclosure of Interests

Notes:

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

On 21 May 2015, the Company adopted a share option scheme ("2015 Scheme"), details of which were disclosed in the Company's circular dated 16 April 2015. No share options have been granted under the 2015 Scheme since its adoption and up to 30 June 2020.

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

As at 30 June 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 <sup>2</sup>
Windsor Dynasty	Interest of controlled corporation	2,116,847,906 <sup>1</sup>	54.53

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 30 June 2020.
3. All of the interests disclosed above represent long positions.

Save as disclosed above, as at 30 June 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.

## 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 2020.

## 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 2020.

## 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 2020.

## DISCLOSURE PURSUANT TO 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\$6,910,090,000, which represented approximately 23.3% of the Group's total assets as at 30 June 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 30 June 2020 is presented below:

	<b>Combined balance sheet HK\$'000</b>
Non-current assets	1,137,330
Current assets	19,551,772
Current liabilities	(5,458,500)
Non-current liabilities	(5,628,469)
<b>Net assets</b>	<b>9,602,133</b>
Share capital	4
Reserves	9,597,819
Non-controlling interests	4,310
<b>Total equity</b>	<b>9,602,133</b>

As at 30 June 2020, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$3,508,945,000.

## REVIEW OF INTERIM RESULTS

The Audit Committee has discussed with the management the accounting policies and practices adopted by the Group, and has reviewed the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2020.

## 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, 21 August 2020

# Consolidated Statement of Profit or Loss

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
<b>REVENUE</b>			
Interest income	4	40,802	44,663
Revenue from other sources	4	236,638	234,351
Total revenue		277,440	279,014
Cost of services provided		(1,331)	(5,817)
Gross profit		276,109	273,197
Other income and gains, net	4	132,028	130,717
Administrative expenses		(131,679)	(157,904)
Reversal of impairment losses on financial assets, net	5	6,743	9,502
Other expenses		(82,649)	(70,444)
Finance costs		(180,453)	(113,626)
Share of profits and losses of:			
Joint ventures		(19,988)	52,307
Associates		9,014	(20,375)
<b>PROFIT BEFORE TAX</b>	5	9,125	103,374
Income tax expense	6	(10,992)	(18,833)
<b>PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>		(1,867)	84,541
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	8		
Basic and diluted		(HK0.05 cents)	HK2.18 cents

# Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2020

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>(1,867)</b>	84,541
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Financial assets at fair value through other comprehensive income:		
Changes in fair value	<b>(12,678)</b>	18,732
Exchange differences:		
Release upon disposal of a subsidiary	–	19,660
Translation of foreign operations	<b>(697,334)</b>	(38,821)
Hedges of net investments in foreign operations		
– effective portion of changes in fair value of hedging instruments during the period	–	(63,516)
	<b>(697,334)</b>	(82,677)
Share of other comprehensive loss of joint ventures	<b>(1,458)</b>	(4,781)
Share of other comprehensive income of associates	<b>1,628</b>	246
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<b>(709,842)</b>	(68,480)
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:</i>		
Financial assets at fair value through other comprehensive income:		
Changes in fair value	<b>218,235</b>	(158,502)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<b>218,235</b>	(158,502)
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(491,607)</b>	(226,982)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	<b>(493,474)</b>	(142,441)

# Consolidated Statement of Financial Position

30 June 2020

	Notes	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property and equipment	9	281,351	301,405
Investment properties		13,908,228	14,902,298
Golf club membership		10,540	10,540
Investments in joint ventures		3,043,409	2,589,186
Investments in associates		524,639	574,221
Financial assets at fair value through other comprehensive income		1,024,983	816,872
Financial assets at fair value through profit or loss		1,316,155	605,720
Prepayments, deposits and other receivables		4,333	8,052
Derivative financial instruments		–	3,247
Deferred tax assets		1,486	2,312
Total non-current assets		20,115,124	19,813,853
<b>CURRENT ASSETS</b>			
Trade receivables	10	9,086	9,449
Loans and interest receivables	11	295,783	899,140
Prepayments, deposits and other receivables		1,422,476	1,180,852
Financial assets at fair value through other comprehensive income		196,061	198,615
Financial assets at fair value through profit or loss		327,598	300,980
Prepaid income tax		8,764	4,107
Deposits with brokerage companies		10,201	10,394
Pledged deposits		–	965,000
Restricted bank balances		109,019	67,088
Cash and cash equivalents		7,156,853	6,029,457
Total current assets		9,535,841	9,665,082
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		274,303	312,542
Interest-bearing bank borrowings	12	302,719	1,053,549
Tax payable		739,077	768,185
Total current liabilities		1,316,099	2,134,276
<b>NET CURRENT ASSETS</b>		<b>8,219,742</b>	<b>7,530,806</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>28,334,866</b>	<b>27,344,659</b>
<b>NON-CURRENT LIABILITIES</b>			
Derivative financial instruments		65,968	–
Interest-bearing bank borrowings	12	9,394,295	7,894,382
Notes payable	13	1,925,852	1,922,845
Other payables		13,156	20,716
Deferred tax liabilities		328	328
Total non-current liabilities		11,399,599	9,838,271
Net assets		16,935,267	17,506,388
<b>EQUITY</b>			
Issued capital	14	388,233	388,233
Reserves		16,547,034	17,118,155
Total equity		16,935,267	17,506,388

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to equity owners of the Company							Total equity HK\$'000 (Unaudited)
	Issued capital HK\$'000 (Unaudited)	Share premium account HK\$'000 (Unaudited)	Exchange fluctuation reserve HK\$'000 (Unaudited)	Fair value reserve (recycling) HK\$'000 (Unaudited)	Fair value reserve (non-recycling) HK\$'000 (Unaudited)	Share option reserve HK\$'000 (Unaudited)	Retained profits HK\$'000 (Unaudited)	
At 1 January 2020	388,233	11,977,078	83,046	(11,295)	468,477	138,819	4,462,030	17,506,388
Loss for the period	-	-	-	-	-	-	(1,867)	(1,867)
Other comprehensive income/(loss) for the period:								
Financial assets at fair value through other comprehensive income:								
Changes in fair value	-	-	-	(12,678)	218,235	-	-	205,557
Share of other comprehensive loss of joint ventures	-	-	(1,458)	-	-	-	-	(1,458)
Share of other comprehensive income of associates	-	-	1,628	-	-	-	-	1,628
Exchange differences:								
Translation of foreign operations	-	-	(697,334)	-	-	-	-	(697,334)
Total comprehensive income/(loss) for the period	-	-	(697,164)	(12,678)	218,235	-	(1,867)	(493,474)
Final 2019 dividend approved	-	-	-	-	-	-	(77,647)	(77,647)
At 30 June 2020	388,233	11,977,078*	(614,118)*	(23,973)*	686,712*	138,819*	4,382,516*	16,935,267

\* These reserve accounts comprise the consolidated reserves of HK\$16,547,034,000 (31 December 2019: HK\$17,118,155,000) in the consolidated statement of financial position.

	Attributable to equity owners of the Company							Total equity HK\$'000 (Unaudited)
	Issued capital HK\$'000 (Unaudited)	Share premium account HK\$'000 (Unaudited)	Exchange fluctuation reserve HK\$'000 (Unaudited)	Fair value reserve (recycling) HK\$'000 (Unaudited)	Fair value reserve (non-recycling) HK\$'000 (Unaudited)	Share option reserve HK\$'000 (Unaudited)	Retained profits HK\$'000 (Unaudited)	
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 period	-	-	-	-	-	-	84,541	84,541
Other comprehensive income/(loss) for the period:								
Financial assets at fair value through other comprehensive income:								
Changes in fair value	-	-	-	18,732	(158,502)	-	-	(139,770)
Share of other comprehensive loss of joint ventures	-	-	(4,781)	-	-	-	-	(4,781)
Share of other comprehensive income of associates	-	-	246	-	-	-	-	246
Release of exchange fluctuation reserve upon disposal of a subsidiary	-	-	19,660	-	-	-	-	19,660
Exchange differences:								
Translation of foreign operations	-	-	(38,821)	-	-	-	-	(38,821)
Hedge of net investments in foreign operations – effective portion of changes in fair value of hedging instruments during the period	-	-	(63,516)	-	-	-	-	(63,516)
Total comprehensive income/(loss) for the period	-	-	(87,212)	18,732	(158,502)	-	84,541	(142,441)
Final 2018 dividend approved	-	-	-	-	-	-	(77,647)	(77,647)
Forfeiture of share options	-	-	-	-	-	(26,024)	26,024	-
At 30 June 2019	388,233	11,977,078	(254,474)	(3,339)	576,422	139,248	4,080,234	16,903,402



# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations		1,025,985	141,633
Interest received		44,805	42,689
Dividend received		497	526
Tax refund/(paid), net		(43,931)	102
Interest paid		(168,008)	(95,360)
Net cash flows from operating activities		859,348	89,590
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of subsidiaries that are not a business	15	–	(73,785)
Purchases of financial assets at fair value through profit or loss		(663,250)	–
Proceeds from disposal of financial assets at fair value through profit or loss		–	138,603
Decrease in pledged deposits		965,000	733,410
Return of capital from/(investment in) joint ventures, net		(706,720)	30,945
Return of capital from/(investment in) associates, net		59,002	(4,680)
Advance of loan to an associate		(572,856)	–
Interest received from bank deposits		34,224	25,505
Other cash flows used in investing activities		(3,825)	(4,692)
Net cash flows from/(used in) investing activities		(888,425)	845,306
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net proceeds from issue of notes payable	13	–	1,919,392
Dividends paid	7	(77,647)	(77,647)
New bank borrowings		4,058,086	1,564,437
Repayment of bank borrowings		(2,792,319)	(2,259,077)
Principal portion of lease payments		(7,791)	(7,907)
Net cash flows from financing activities		1,180,329	1,139,198
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		1,151,252	2,074,094
Cash and cash equivalents at beginning of period		6,029,457	4,701,508
Effect of foreign exchange rate changes, net		(23,856)	(1,452)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>			
		7,156,853	6,774,150
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		7,003,801	5,265,950
Non-pledged time deposits with original maturity of less than three months when acquired		153,052	1,508,200
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows		7,156,853	6,774,150

## 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 2019.

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those adopted in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019, 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 revised HKFRSs for the first time for the current period’s unaudited interim condensed consolidated financial statements:

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

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

- (a) 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.
- (b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. 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 hedge relationships.

# Notes to Condensed Consolidated Financial Statements

30 June 2020

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

- (c) 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 COVID-19 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 retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. The Group has early adopted the amendment on 1 January 2020 and the amendments did not have any impact on the Group's interim condensed consolidated financial information.
- (d) 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. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

## 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 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 before tax except that finance costs as well as head office and corporate expenses are excluded from such measurement.

Information regarding these reportable segments is presented below.

### Reportable segment information

	For the six months ended 30 June (Unaudited)					
	Property development and investment		Treasury investment		Total	
	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue</b>						
Revenue from external customers	<b>236,141</b>	239,864	<b>41,299</b>	39,150	<b>277,440</b>	279,014
<b>Segment results</b>	<b>113,365</b>	193,263	<b>104,472</b>	66,572	<b>217,837</b>	259,835
Corporate and unallocated expenses					<b>(28,259)</b>	(42,835)
Finance costs					<b>(180,453)</b>	(113,626)
Profit before tax					<b>9,125</b>	103,374

# Notes to Condensed Consolidated Financial Statements

30 June 2020

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

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

	Note	Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
<b>Revenue</b>			
<i>Interest income</i>			
Interest income from debt investments		19,086	23,711
Interest income from loans receivable		21,716	20,952
		<b>40,802</b>	44,663
<i>Revenue from other sources</i>			
Gross rental income from investment property operating leases:			
Variable lease payments that do not depend on an index or a rate		539	1,708
Other lease payments, including fixed payments		235,602	238,156
		<b>236,141</b>	239,864
Losses on disposal of financial assets at fair value through profit or loss, net		–	(6,039)
Dividend income from listed equity investments		497	526
		<b>236,638</b>	234,351
		<b>277,440</b>	279,014
<b>Other income and gains, net</b>			
Bank interest income		34,224	25,505
Fair value gains on investment properties		13,751	34,242
Fair value gains on financial assets at fair value through profit or loss, net		84,025	42,006
Gain on disposal of financial assets at fair value through profit or loss		–	615
Gain on disposal of a subsidiary	16	–	28,041
Others		28	308
		<b>132,028</b>	130,717

# Notes to Condensed Consolidated Financial Statements

30 June 2020

## 5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Depreciation of owned assets	18,294	11,152
Depreciation of right-of-use assets	10,531	10,730
	<b>28,825</b>	21,882
Fair value losses on derivative financial instruments	71,011	65,022
Foreign exchange differences, net	11,638	5,288
Loss on disposal of items of property and equipment	–	134
Reversal of impairment losses on financial assets, net		
Reversal of impairment losses on loans and interest receivables, net	(5,008)	(9,502)
Reversal of impairment losses on financial assets included in prepayments, deposits and other receivables	(1,735)	–
	<b>(6,743)</b>	(9,502)
Employee benefit expense (including directors' remuneration):		
Wages and salaries	65,216	63,783
Pension scheme contributions	3,467	2,740
	<b>68,683</b>	66,523

## 6. 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 period ended 30 June 2020 and 30 June 2019. 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 Government announced in the financial budget on 12 March 2020 that any gain arising from sales of properties from 1 April 2020 onwards would be subject to corporation tax rate at 19% instead of 17%. The change in tax rate was enacted on 17 March 2020 and effective from 1 April 2020.

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current charge for the period		
Hong Kong	3,788	4,563
Mainland China	–	8,342
United Kingdom	6,378	6,394
Underprovision in prior periods		
Mainland China	–	296
Deferred tax	826	(762)
	<b>10,992</b>	18,833
Total tax charge for the period	<b>10,992</b>	18,833

## 7. DIVIDENDS

During the six months ended 30 June 2020, the Company declared a final dividend of HK\$0.02 per ordinary share amounting to HK\$77,647,000 for the year ended 31 December 2019 which was paid on 5 June 2020.

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

During the six months ended 30 June 2019, the Company declared a final dividend of HK\$0.02 per ordinary share amounting to HK\$77,647,000 for the year ended 31 December 2018 which was paid on 6 June 2019.

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

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

No adjustment has been made to the basic earnings/(loss) per share presented for the six months ended 30 June 2020 and 2019 in respect of a dilution as the share options outstanding had no dilutive effect on the basic earnings/(loss) per share amounts presented.

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

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings/(loss)</b>		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation	<b>(1,867)</b>	84,541
<b>Number of shares</b>		
	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings/(loss) per share calculation	<b>3,882,334,668</b>	3,882,334,668

## 9. ADDITIONS TO PROPERTY AND EQUIPMENT

During the six months ended 30 June 2020, the Group incurred HK\$9,002,000 on the additions of items of property and equipment. During the six months ended 30 June 2019, the Group incurred HK\$164,822,000 on the additions of items of property and equipment, including HK\$145,446,000 acquired through acquisition of subsidiaries that are not a business as disclosed in note 15 to the condensed consolidated financial statements.

# Notes to Condensed Consolidated Financial Statements

30 June 2020

## 10. TRADE RECEIVABLES

	<b>30 June 2020 HK\$'000 (Unaudited)</b>	31 December 2019 HK\$'000 (Audited)
Trade receivables	<b>9,086</b>	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:

	<b>30 June 2020 HK\$'000 (Unaudited)</b>	31 December 2019 HK\$'000 (Audited)
Within 1 month	<b>1,311</b>	3,022
1 to 2 months	<b>2,333</b>	6,427
2 to 3 months	<b>48</b>	–
3 to 6 months	<b>5,394</b>	–
	<b>9,086</b>	9,449

The Group's tenants normally settle their bills in a timely manner. As such, the Group's exposure to credit risk is insignificant and the directors of the Company were of the opinion that the expected credit loss of these rental receivables is minimal.

## 11. LOANS AND INTEREST RECEIVABLES

	<b>30 June 2020 HK\$'000 (Unaudited)</b>	31 December 2019 HK\$'000 (Audited)
Loans receivable		
Secured	–	40,000
Unsecured	<b>298,449</b>	862,860
	<b>298,449</b>	902,860
Less: Impairment allowance	<b>(9,004)</b>	(14,012)
	<b>289,445</b>	888,848
Interest receivable	<b>6,338</b>	10,292
	<b>295,783</b>	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 to Condensed Consolidated Financial Statements

30 June 2020

## 11. LOANS AND INTEREST RECEIVABLES *(continued)*

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

	<b>30 June 2020 HK\$'000 (Unaudited)</b>	31 December 2019 HK\$'000 (Audited)
At the beginning of the period/year	<b>14,012</b>	29,666
Impairment losses/(reversal of impairment losses), net		
Loans repaid/derecognised	<b>(14,012)</b>	(29,666)
New loans granted	<b>9,004</b>	14,012
	<b>(5,008)</b>	(15,654)
At the end of the period/year	<b>9,004</b>	14,012

As at 30 June 2020, none of the loans and interest receivables were overdue (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 and was fully repaid subsequent to 31 December 2019), the Group considered that there had no significant change in credit risk of the borrowers and all the balances were categorised within Stage 1 for the measurement of expected credit losses.

An impairment analysis is performed at each reporting date by considering the expected credit losses, which are estimated by applying the probability of default approach with reference to the risks of default of the borrowers or comparable companies. As at 30 June 2020, the probability of default applied ranged from 1.21% to 7.26% (31 December 2019: 1.95% to 8.45%) and the loss given default was estimated to be approximately 62% (31 December 2019: 62%).

## 12. INTEREST-BEARING BANK BORROWINGS

	30 June 2020 (Unaudited)			31 December 2019 (Audited)		
	Contractual interest rate	Maturity	HK\$'000	Contractual interest rate	Maturity	HK\$'000
<b>Current</b>						
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	28,000	HIBOR+1%	On demand	31,500
Current portion of long term bank loans – secured	LIBOR+1.35%	2020 to 2021	63,256	LIBOR+1.35%	2020	67,719
– unsecured	HIBOR+1.85%	2021	211,463	N/A	N/A	–
			<b>302,719</b>			<b>1,053,549</b>
<b>Non-current</b>						
Bank loans – secured	LIBOR+1.35% & LIBOR+1.5%	2021 to 2022	7,343,381	LIBOR+1.35% & LIBOR+1.5%	2021 to 2022	7,894,382
– unsecured	HIBOR+1.85%	2021 to 2022	2,050,914	N/A	N/A	–
			<b>9,394,295</b>			<b>7,894,382</b>
			<b>9,697,014</b>			<b>8,947,931</b>
Analysed into bank loans repayable:						
On demand (Note a)			28,000			985,830
Within one year			274,719			67,719
In the second year			6,413,093			67,829
In the third to fifth years, inclusive			2,981,202			7,826,553
			<b>9,697,014</b>			<b>8,947,931</b>



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

Notes:

- (a) The Group's term loans with an aggregate amount of HK\$28,000,000 (31 December 2019: HK\$985,830,000) containing an on-demand clause have been classified as current liabilities and analysed into bank loans repayable on demand in the above analysis.

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

	<b>30 June 2020 HK\$'000 (Unaudited)</b>	31 December 2019 HK\$'000 (Audited)
Bank borrowings repayable:		
Within one year	<b>285,219</b>	1,030,799
In the second year	<b>6,430,593</b>	80,079
In the third to fifth years, inclusive	<b>2,981,202</b>	7,837,053
	<b>9,697,014</b>	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:

	<b>30 June 2020 HK\$'000 (Unaudited)</b>	31 December 2019 HK\$'000 (Audited)
Property and equipment	<b>76,219</b>	77,264
Investment properties	<b>13,908,228</b>	14,902,298
Pledged deposits	–	965,000

- (c) As at 30 June 2020 and 31 December 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:

	<b>30 June 2020 HK\$'000 (Unaudited)</b>	31 December 2019 HK\$'000 (Audited)
HK\$	<b>2,290,377</b>	781,500
GBP	<b>7,406,637</b>	8,166,431
	<b>9,697,014</b>	8,947,931

- (e) The Group's bank borrowings of HK\$7,406,637,000 (31 December 2019: HK\$7,962,101,000) are secured by pledges over the equity interests of certain subsidiaries of the Group.

# Notes to Condensed Consolidated Financial Statements

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## 13. NOTES PAYABLE

	Principal at original currency	Contractual interest rate (%) per annum	Maturity	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
2019 Notes	USD250,000,000	6.35	2022	1,925,852	1,922,845

In June 2019, the Group issued guaranteed notes with an aggregate principal amounts 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 Company and the trustees of the 2019 Notes.

At 30 June 2020, the fair value for the 2019 Notes amounted to HK\$1,922,969,000, which is based on price quotation from a financial institution at the reporting date.

## 14. SHARE CAPITAL

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Authorised: 20,000,000,000 (31 December 2019: 20,000,000,000) ordinary shares of HK\$0.10 (31 December 2019: HK\$0.10) each	2,000,000	2,000,000
Issued and fully paid: 3,882,334,668 (31 December 2019: 3,882,334,668) ordinary shares of HK\$0.10 (31 December 2019: HK\$0.10) each	388,233	388,233

## 15. ACQUISITION OF SUBSIDIARIES THAT ARE NOT A BUSINESS

### For the six months ended 30 June 2019

In April 2019, the Group acquired the 50% equity interest in each of Sun Vessel Global Limited ("Sun Vessel"), Oceanic Front Limited ("Oceanic Front") and Fancy Style Investments Limited ("Fancy Style") (collectively the "Acquired Subsidiaries") from the joint venture partners of 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 vessel investment, yacht 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.

# Notes to Condensed Consolidated Financial Statements

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## 15. ACQUISITION OF SUBSIDIARIES THAT ARE NOT A BUSINESS *(continued)*

### For the six months ended 30 June 2019 *(continued)*

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 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)

## 16. DISPOSAL OF A SUBSIDIARY

### For the six months ended 30 June 2019

In June 2019, the Group entered into a sale and purchase agreement to dispose of its 100% equity interest in Million Intelligence Limited (“Million Intelligence”, 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). The disposal of the Million Intelligence Group was completed on 28 June 2019.

# Notes to Condensed Consolidated Financial Statements

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## 16. DISPOSAL OF A SUBSIDIARY *(continued)*

### For the six months ended 30 June 2019 *(continued)*

Details of the net assets of the Million Intelligence Group disposed of and their financial impacts are summarised below:

	Note	HK\$'000
Net assets disposed of:		
Investment in an associate		334,055
Cash and cash equivalents		59
Other payables and accruals		(50,892)
		283,222
Exchange fluctuation reserve released upon disposal		19,660
Gain on disposal of a subsidiary	4	28,041
Satisfied by cash		330,923

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

	HK\$'000
Cash consideration	330,923
Consideration receivable	(330,923)
Cash and cash equivalents disposed of	(59)
Net outflow of cash and cash equivalents in respect of disposal of the Million Intelligence Group	(59)

## 17. COMMITMENTS

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

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Contracted, but not provided for:		
Property and equipment	5,952	14,355
Investment properties	–	719
Capital contributions payable to joint ventures	2,404,612	2,931,571
Capital contributions payable to an associate	3,655	586,323
	2,414,219	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:

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Contracted, but not provided for	1,074,288	1,653,051

# Notes to Condensed Consolidated Financial Statements

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## 18. SHARE-BASED PAYMENTS

The following share options were outstanding during the period:

Date of grant of share options*	Number of share options					At 30 June 2020	Exercise period of share options	Exercise price of share options# HK\$ per share
	At 1 January 2020	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period			
03-09-2010	41,435,249	-	-	-	-	41,435,249	03-09-2010 to 02-09-2020	3.2624
03-09-2010	4,870,080	-	-	-	-	4,870,080	01-01-2011 to 02-09-2020	3.2624
	46,305,329	-	-	-	-	46,305,329		

Notes:

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

# 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 six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

## 19. FINANCIAL GUARANTEES

- As at 30 June 2020, the Group has given a guarantee to a vendor in connection with the acquisition of a freehold land held by a joint venture amounted to HK\$190,700,000 (31 December 2019: HK\$204,330,000).
- As at 30 June 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 (31 December 2019: HK\$1,118,707,000), and the related banking facilities was fully utilised as at 30 June 2020 and 31 December 2019.
- As at 30 June 2020, the Group has given guarantees to a bank and an independent third party in connection with facilities granted to associates up to HK\$1,469,063,000 (31 December 2019: HK\$1,479,375,000), and the related facilities were utilised to the extent of HK\$1,469,063,000 (31 December 2019: HK\$1,479,375,000).
- As at 30 June 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\$1,223,700,000 (31 December 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\$786,638,000 (31 December 2019: HK\$842,861,000).

## 20. PLEDGE OF ASSETS

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

## 21. RELATED PARTY TRANSACTIONS

- (a) Outstanding balances with related parties:

	<b>30 June 2020 HK\$'000 (Unaudited)</b>	31 December 2019 HK\$'000 (Audited)
Due from an associate	<b>877,251</b>	–
Due from a joint venture	<b>530,582</b>	480,392
Due to joint ventures	<b>89,505</b>	59,560

- (b) As at 30 June 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) an independent third party in connection with a loan facility granted to an associate; (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. Further details of these guarantees are given in note 19 to the condensed consolidated financial statements. 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.

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

	<b>Six months ended 30 June 2020 HK\$'000 (Unaudited)</b>	2019 HK\$'000 (Unaudited)
Short term employee benefits	<b>18,681</b>	17,868
Post-employment benefits	<b>639</b>	617
Total compensation paid to key management personnel	<b>19,320</b>	18,485

## 22. 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 receivables, financial assets included in prepayments, deposits and other receivables, loans and interest receivables, 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 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 30 June 2020 and 31 December 2019 was assessed to be insignificant. Management has assessed that the fair value of the non-current portion of interest-bearing bank borrowings, notes payable and financial liabilities included in other payables approximate to its carrying amount.

# Notes to Condensed Consolidated Financial Statements

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## 22. FAIR VALUE MEASUREMENT *(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 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 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, including interest rate swaps, are measured using valuation techniques similar to swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties and interest rate curves. The carrying amounts of interest rate swaps are the same as their fair values.

As at 30 June 2020 and 31 December 2019, the mark-to-market value of the derivative asset position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a sensitivity analysis as at 30 June 2020 and 31 December 2019:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
<b>As at 30 June 2020</b>				
Convertible loans classified as financial assets at fair value through profit or loss	Discount cash flow	Effective interest rate	20%	1% increase (decrease) in effective interest rate would have no material impact on the fair value
<b>As at 31 December 2019</b>				
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

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

### Fair value hierarchy

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

Assets measured at fair value:

	Fair value measurement using			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	
As at 30 June 2020 (Unaudited)				
Financial assets at fair value through other comprehensive income:				
Listed equity investments	867,924	–	–	867,924
Debt investments	–	353,120	–	353,120
Financial assets at fair value through profit or loss:				
Listed equity investments	254,387	–	–	254,387
Unlisted fund investments	–	1,316,155	–	1,316,155
Convertible loans	–	–	73,211	73,211
	<b>1,122,311</b>	<b>1,669,275</b>	<b>73,211</b>	<b>2,864,797</b>
As at 31 December 2019 (Audited)				
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
	<b>873,250</b>	<b>974,765</b>	<b>77,419</b>	<b>1,925,434</b>

Liabilities measured at fair value:

	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	
As at 30 June 2020 (Unaudited)				
Derivative financial instruments	–	65,968	–	65,968

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

During the period, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2019: Nil).



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

### Fair value hierarchy *(continued)*

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

	2020 HK\$'000
Financial assets at fair value through profit or loss:	
At 1 January	77,419
Total loss recognised in the statement of profit or loss included in other income	(4,208)
At 30 June	73,211

There was no fair value measurement categorised within Level 3 for both financial assets and financial liabilities during the six months ended 30 June 2019.

The Group has terminated all of the hedge relationships on net investment in subsidiaries and a joint venture in the United Kingdom during the year ended 31 December 2019. As at 30 June 2020 and 31 December 2019, foreign exchange gains of HK\$353,789,000 on translation of the net investments in subsidiaries and a joint venture, which were hedged by hedging instruments in prior years, 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. As at 30 June 2020 and 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.

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

These unaudited interim condensed consolidated financial statements were approved by the board of directors on 21 August 2020.