C C LAND HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 1224

ANNUAL REPORT 2022

Contents

Corporate Information

DIRECTORS

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

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

AUTHORISED REPRESENTATIVES

Dr. Lam How Mun Peter
Mr. Leung Chun Cheong

COMPANY SECRETARY

Ms. Cheung Fung Yee

WEBSITE

www.ccland.com.hk

SECURITIES CODES

Shares
1224.HK

USD300 million 5.20% guaranteed notes due 2025
40850.HK

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

25th Floor
China Resources Building
26 Harbour Road
Wanchai, Hong Kong

INDEPENDENT AUDITORS

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISORS

Bermuda
Conyers Dill & Pearman

Hong Kong
Woo, Kwan, Lee & Lo
Ronald Tong & Co

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
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

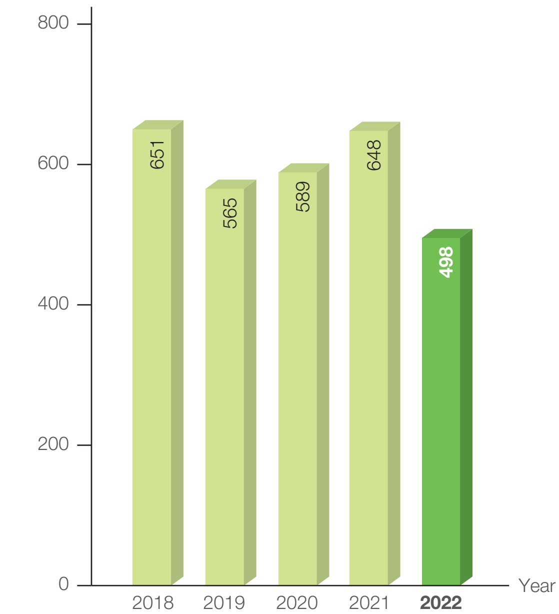
PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Chong Hing Bank Limited
Hang Seng Bank Limited
The Bank of East Asia, Limited
Industrial and Commercial Bank of China (Asia) Limited
China CITIC Bank International Limited

REVENUE

Year ended 31 December

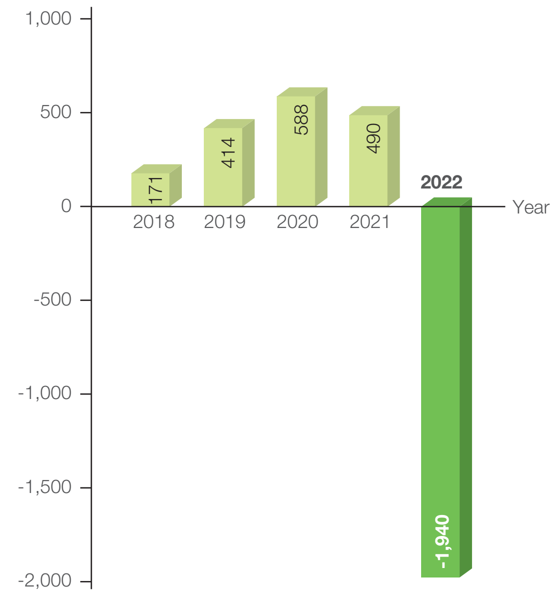
HK$million



PROFIT/LOSS ATTRIBUTABLE TO SHAREHOLDERS

Year ended 31 December

HK$million



TOTAL ASSETS

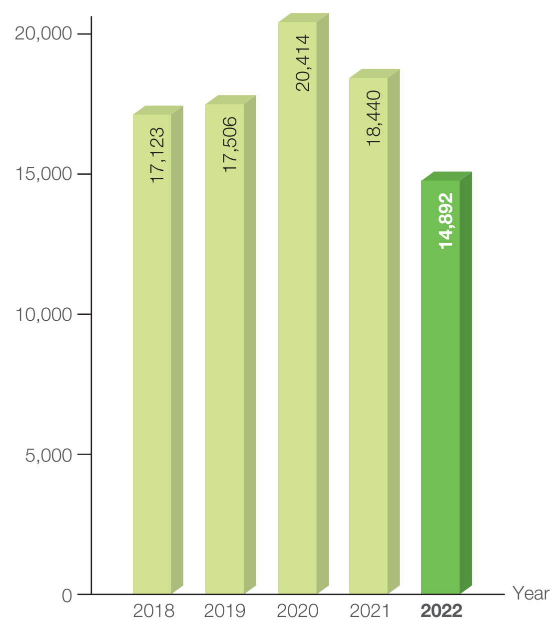
As at 31 December

HK$million

SHAREHOLDERS’ EQUITY

As at 31 December

HK$million



Directors' Profile

EXECUTIVE DIRECTORS

Mr. CHEUNG Chung Kiu, aged 58, was first appointed Executive Director of the Company on 22 June 2000 and became Chairman on 22 November 2006. He also serves as a Director of several subsidiaries of the Company. As Chairman, Mr. Cheung oversees the Group's entire business and is responsible for leading the Board and managing its work to ensure that the Board effectively operates and fully discharges its responsibilities. Mr. Cheung has a wide range of experience in investment and business management, including over 25 years of property development and investment experience, mainly in Hong Kong and in the PRC as well as other major cities globally including London and Sydney. In addition, Mr. Cheung is the chairman of The Cross-Harbour (Holdings) Limited ("CHH"), the shares of which are listed on the Stock Exchange. He is also a director of Windsor Dynasty Limited and Fame Seeker Holdings Limited, which are companies disclosed under the section headed "Discloseable Interests and Short Positions of Shareholders under the SFO" on page 39.

Dr. LAM How Mun Peter, aged 75, was first appointed Executive Director of the Company on 3 June 1998 and became Managing Director and Deputy Chairman on 9 April 1999 and 22 November 2006 respectively. Dr. Lam is one of the founders of the Group established in 1989. He also serves as a Director of several subsidiaries of the Company. As Managing Director, Dr. Lam oversees the Group's business and is responsible for overseeing the Group's day-to-day management, recommending strategies to the Board, and determining and implementing operational decisions. Dr. Lam graduated from the University of Hong Kong with a bachelor's degree in Medicine and Surgery in 1972. He is a fellow of the Royal College of Surgeons of Edinburgh and the American College of Surgeons. In addition to his extensive experience in medical practice, Dr. Lam has over 30 years of extensive experience in corporate management, real estate and investment.

Mr. WONG Chi Keung, aged 67, was appointed Executive Director and Deputy Chairman of the Company on 1 March 2016. He also serves as a Director of several subsidiaries of the Company. Mr. Wong oversees the Group's property development and investment business and is responsible for recommending investment strategies to the Board. He holds a degree of Doctor of Philosophy in Business from Honolulu University and is a professional member of the Royal Institution of Chartered Surveyors, and a member of The Hong Kong Institute of Housing and the Chartered Institute of Housing. He is a fellow member of Hong Kong Institute of Real Estate Administrators and The Hong Kong Institute of Directors and an honorary fellow of Guangxi Academy of Social Sciences. Mr. Wong has held senior executive positions with various leading property companies and property consultant firms in Hong Kong in the past 30 years. In addition, Mr. Wong is currently an executive director of CHH and an independent non-executive director of Water Oasis Group Limited, the shares of which are also listed on the Stock Exchange.

Mr. LEUNG Chun Cheong, aged 73, was appointed Executive Director of the Company on 3 June 1998. He also serves as a Director of several subsidiaries of the Company. Mr. Leung joined the Group in 1995. He is mainly responsible for overseeing the Group's financial management and financial functions and governance. Prior to joining the Group, Mr. Leung had held senior positions in multi-national companies and audit profession in Hong Kong. He has over 35 years of extensive experience in taxes and auditing, due diligence and governance, and management. Mr. Leung is a fellow of the Association of Chartered Certified Accountants in the United Kingdom and an associate of the Hong Kong Institute of Certified Public Accountants.

Mr. LEUNG Wai Fai, aged 61, was appointed Executive Director of the Company on 3 December 1999. He also serves as a Director of several subsidiaries of the Company. Mr. Leung is mainly responsible for the financial planning of the Group's business as well as overseeing its corporate finance and management. Mr. Leung graduated from the University of Wisconsin-Madison, the United States of America with a bachelor's degree in Business Administration in 1985, and is a fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. He has over 30 years of extensive experience in planning and advisory as well as accounting and financial reporting. In addition, Mr. Leung is an executive director of CHH.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAM Kin Fung Jeffrey, GBS, JP, aged 71, was appointed Independent Non-executive Director of the Company on 3 June 1998. Mr. Lam holds a bachelor's degree in mechanical engineering from Tufts University in the United States. He has over 30 years of experience in the toy industry and is currently the Managing Director of Forward Winsome Industries Limited which is engaged in toy manufacturing. Mr. Lam was awarded a Gold Bauhinia Star by the Government of the HKSAR in 2011. He also holds a number of public and community service positions including Member of the Legislative Council and Non-Official Member of the Executive Council in Hong Kong, and General Committee Member of the Hong Kong General Chamber of Commerce. In addition, Mr. Lam is currently an executive director of Hong Kong Aerospace Technology Group Limited and an independent non-executive director of Analogue Holdings Limited, China Overseas Grand Oceans Group Ltd., CSC Holdings Limited, Chow Tai Fook Jewellery Group Limited, CWT International Limited, i-CABLE Communications Limited, Wing Tai Properties Limited and Wynn Macau, Limited, the shares of all these companies are listed on the Stock Exchange.

Mr. LEUNG Yu Ming Steven, aged 63, was appointed Independent Non-executive Director of the Company on 1 October 2007. Mr. Leung holds a master's degree in Accountancy from Charles Sturt University in Australia and a bachelor's degree in Social Science from the Chinese University of Hong Kong. He is a fellow of the Institute of Chartered Accountants in England and Wales, a certified practising accountant of CPA Australia and a fellow of the Association of Chartered Certified Accountants in the United Kingdom, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong. Mr. Leung is a practising certified public accountant in Hong Kong. He previously worked in Nomura International (Hong Kong) Limited as an assistant vice-president in the International Finance and Corporate Finance Department. He commenced public practice in auditing and taxation in 1990 and is currently the senior partner of a firm of certified public accountants. He has over 30 years of experience in assurance, accounting, taxation, financial management and corporate finance. Mr. Leung is an independent non-executive director of Suga International Holdings Limited, Y. T. Realty Group Limited and CHH, the shares of all these companies are listed on the Stock Exchange.

Dr. WONG Lung Tak Patrick, BBS, JP, aged 75, was appointed Independent Non-executive Director of the Company on 1 October 2007. Dr. Wong is a Certified Public Accountant (Practising) and a Certified Tax Adviser in Hong Kong and also a Chartered Secretary in the United Kingdom and in Hong Kong. He is currently the Managing Practising Director of Patrick Wong CPA Limited. He has over 40 years' experience in the accountancy profession. Dr. Wong holds a Doctor of Philosophy in Business degree, was awarded a Badge of Honour by the Queen of England in 1993 and was appointed a Justice of the Peace in 1998. He was also awarded a Bronze Bauhinia Star by the Government of the HKSAR in 2010. Dr. Wong is an independent non-executive director of Galaxy Entertainment Group Limited, Water Oasis Group Limited and Winox Holdings Limited, the shares of all these companies are listed on the Stock Exchange.

Chairman's Statement

To our shareholders,

I am pleased to present the annual results of the Group for the year ended 31 December 2022.

For the year ended 31 December 2022, the Group recorded a consolidated revenue of HK$498.4 million (2021: HK$648.1 million) and a net loss for the year of HK$1,940.3 million (2021: net profit of HK$490.1 million). The decrease in revenue is mainly due to the decrease in contribution of HK$132.2 million from the treasury investments segment. The loss was primarily due to a provision for expected credit losses of approximately HK$1.0 billion due from associates as a result of the prolonged credit crisis of the PRC property market, and, the fair value losses of approximately HK$1.4 billion on the Group's investment properties in the UK, resulting from the interest rate hikes during the year. Otherwise, excluding these non-cash and unrealized items, the Group would record a profit of HK$483.8 million for the year. The loss attributable to shareholders for the year was HK$1,940.3 million (2021: profit attributable to shareholders of HK$490.1 million). The basic loss per share for the year was HK49.98 cents (2021: basic earnings per share HK12.62 cents).

BUSINESS REVIEW

The Group is an international real estate company and its key property investment and development projects are located in several major metropolitan cities, namely, London, Hong Kong and, key cities in the PRC.

Year 2022 continued to present some of the market challenges experienced in the previous year, including global supply chain disruptions and global interest rate hikes.

Take-up volumes in the office market sharply grew in Central London after relaxation of the COVID-19 induced restrictions. Prime rental values remained at high levels. The Group continues to see the resiliency of the office rental business. For The Leadenhall Building, the Group's core investment property, there were several increases in rental value compared to the previous year. Rental collections have largely been consistent with pre-pandemic patterns. The two investment properties, The Leadenhall Building and One Kingdom Street, continued to be the major contributors of the Group's revenue. The rent collection rate stayed at over 99% of all rental income due for the year ended 31 December 2022. The Group does not expect any downward movement in prime rents in 2023.

During the year, the Group conducted rent reviews on 234,000 sqf of The Leadenhall Building, achieving an increase of rental rates by 3.1%. The Leadenhall Building and One Kingdom Street were almost fully let and continued to perform well.

Throughout the year, construction of the Group's two development projects in Central London stayed smoothly on course. This pipeline will be a good income source in 2023 and beyond.

The housing market in London remained strong in spite of the pandemic and was triggered by a shortage of homes. Demand in London has rebounded, although house prices fell in the third quarter for the first time in the year as rising interest rates and soaring inflation intensified pressure on affordability. House price growth still remained in double digits in the third quarter despite buyers facing increasingly difficult economic conditions. The current economic conditions, the surge of inflation and a tight labour market, need time to be overcome. With uncertainty and risks in the economy going forward and increased pressure on affordability, there may be a fall in buying sentiment in the property market.

The Group had actively monitored sales of the Thames City and The Whiteley. Residential units to the value of GBP543 million have been presold in Phase I of Thames City since the launch for presale, and the buyers' profile consists of both local and global owners. The delivery of the residential units of the two major towers of Thames City Phase I, namely Tower N8 and N9, commenced in September 2022.

Apart from London, the Group has property investment and development projects in Hong Kong and some key cities in the PRC. The Group believes these cities with their sound infrastructures will have continual economic growth, and investments can generate good returns on a long term perspective due to the structural demand for real estates in a growing economy.

In January 2022, the Group invested HK$839 million in the acquisition of a 32% effective interest in a property project located in Shouson Hill Road West, Hong Kong ("No. 15 Shouson"), comprising 15 low-density luxury villas with a gross floor area of approximately 87,200 sqf. In October 2022, the Group completed the acquisition of an additional 10% interest in the same project for a consideration of HK$325 million. Marketing commenced during the year with a successful sales of two villas at prices of approximately HK$870 million and HK$435 million respectively, equivalent to HK$108,000 and HK$92,000 per sqf respectively. Buyers' interest in this project is strong, given the quality of the villas and the continual shortage of new-built villas in premium urban locations. With the border opening between Hong Kong and the Mainland China, keen interest is expected from Chinese buyers.

As the COVID-19 induced restrictions are gradually lifted, Hong Kong's residential market has been progressively recovering since the third quarter of 2022. The rise in interest rate however, had caused buyers to take a cautious approach which in turn led to a decline in transaction volume. In general, new home prices have softened, but prime properties at premium urban locations in limited supply should still retain their values.

Due to the volatility in the financial markets, the treasury segment recorded a loss of HK$190 million. As a result of the prolonged credit crisis of the PRC property market, the Group took a prudent approach and made a provision for expected credit losses of HK$1.0 billion for the amounts due from the PRC property projects. The development of these PRC property projects is still on track and the Group is optimistic about the ongoing development of these projects, although it may take some time for the PRC property market to recover.

OUTLOOK

The Group believes its office leasing business in Central London will continue to strengthen over the long term. With good market fundamentals and through its proven asset management capability, the Group expects to generate modest annual increases in rental rate and income in the coming years.

The property market in London was benefitting from the reversal of the work at home trend during the pandemic. The reversal resulted in employees moving back into the city, resulting in home prices in London increasing at a fast pace. However, the rising cost of living and interest rates hikes are hitting affordability, causing buyers to take a more cautious approach. Higher mortgage rates and pressure on household finances will subdue transactions in the months ahead.

Nonetheless at the same time, the pent-up demand from international buyers is expected to return to support the property market as foreign buyers, now travelling more freely, look to take advantage of the weaker sterling pound, and the stamp duty reduction.

Although inflationary pressures are likely to moderate in 2023, they could remain high for a prolonged period of time which is likely to have affect consumer sentiments and demands for residential properties. The Group believes investors will continue to view the UK real estate market as an investment destination. In respect of commercial real estate, it has a lesser relationship with inflation and a stronger link with economic growth.

The outlook for the Hong Kong residential and office markets remains good. Based on the pick-up in economy in the second half of 2022 and the expected catch up effects from the pandemic period, it is likely to draw investors towards real estate.

The Hong Kong government has put heavy emphasis on infrastructure constructions in the northern part of Hong Kong which will stimulate the development of Kowloon East CBD as a viable office hub. The Group's investments in the Kowloon East CBD would appeal to tenants and benefit from the demand pickup in the future, in line with the development pace of the Kai Tak Development Area.

In the PRC, the Group will concentrate its resources in monitoring the ongoing performance of the existing joint venture projects.

ACKNOWLEDGEMENTS

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

Cheung Chung Kiu
Chairman

Hong Kong, 24 March 2023

Management Discussion and Analysis

RESULTS

The Group achieved a consolidated revenue of HK$498.4 million, representing a decrease of approximately 23.1% compared to HK$648.1 million in 2021. The Group's net loss for the year was HK$1,940.3 million (2021: net profit of HK$490.1 million). The loss attributable to shareholders for the year was HK$1,940.3 million (2021: profit attributable to shareholders of HK$490.1 million). The basic loss per share for the year was HK49.98 cents (2021: basic earnings per share of HK12.62 cents).

FINAL DIVIDEND

The directors are pleased to recommend a final dividend of HK$0.02 (2021: HK$0.02) per ordinary share to shareholders who are registered on the Register of Members of the Company at the close of business on 31 May 2023. Subject to approval at the Company's forthcoming AGM, dividend warrant will be sent to shareholders on or about 7 June 2023.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 17 May 2023 to Monday, 22 May 2023, both days inclusive, for determining the eligibility of shareholders for attending and voting at the AGM. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates should be lodged for registration with Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m., Tuesday, 16 May 2023.

The Register of Members of the Company will also be closed from Monday, 29 May 2023 to Wednesday, 31 May 2023, both days inclusive, for determining the eligibility of shareholders for the proposed final dividend. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates should be lodged for registration with Tricor Secretaries Limited of above address no later than 4:30 p.m., Thursday, 25 May 2023.

BUSINESS REVIEW

Revenue and Operating Profit

Performance for the year was impacted by the COVID-19 pandemic and a challenging economic environment. Rental income is down slightly by 3.4% to HK$494.6 million due to the depreciation of approximately 10% of the average exchange rate of the GBP against the HKD during the year.

Divestment in the treasury investments reduced revenues by HK$132.2 million in the year, in line with an effort to reduce risks posed by economic instability. After the divestment, interest income from loans receivable and debt investments as well as dividend income were reduced during the year.

The total revenue amounted to HK$498.4 million (2021: HK$648.1 million) which represents a decrease of 23.1% compared with that of last year.

The global economic slowdown continued to interrupt business activities and supply chains, and produced significant volatility in the financial markets, resulting in a general decline in equity prices. This has an adverse impact on the treasury investment business. The treasury investment segment, comprising of listed equity securities and unlisted investment funds, recorded fair value losses of HK$140.5 million and realized losses of HK$3.6 million (2021: fair value losses and realized losses amounted to HK$179.8 million and HK$229.2 million respectively) during the year.

The Group's core joint venture investments are Thames City and The Whiteley in Central London. The share of net earnings from joint venture investments (including investment in joint ventures and associates) for the year ended 31 December 2022 was HK$908.7 million, which represents an increase of HK$709.2 million compared to that of the previous year. The increase in current year earnings is primarily due to earnings in The Whiteley project amounting to HK$264.7 million, as well as a share of net earnings of HK$270.1 million from the Thames City project due to partial delivery of the Phase I residential units in the second half of the year, and the acquisition of 42% effective interest in No. 15 Shouson project in two separate transactions, contributing a combined total after tax profit of HK$417.6 million to the Group mainly derived from the gain on bargain purchase.

In the PRC, COVID-19's disruptions to business activity have dampened consumer sentiments. The adverse situation in China's residential property market worsened in the year as homebuyers remained cautious, and therefore reduced property purchases. A series of measures were implemented by the Government to support the property sector, including cutting benchmark lending rates in August 2022 to reduce cost for homebuyers. It appears that more policy measures are needed to stabilize the property sector. As there is an increasing possibility of a slowdown in China's economy and the credit crisis prevailing in the PRC property market resulting in substantial drop in the transaction volume and property price, the Group has made a provision for expected credit losses on amounts due from the Jiangsu Yancheng Project and Guangdong Jiangmen Project which included in prepayments, deposits and other receivables, for a total of HK$980.8 million as at 31 December 2022.

The amounts due from the two projects were advanced for providing the fundings for the payment of a portion of the land premium of these two property development projects in the PRC which was in line with the Group's ordinary and usual course of businesses of property development and investment and the Group's strategy of partnering with local developers to capture opportunities. The key terms of the amounts due from the Jiangsu Yancheng Project and Guangdong Jiangmen Project are as follows:

Jiangsu Yancheng Project

Agreement date:	25 February 2021
Loan principal amount:	RMB466.4 million (equivalent to HK$523 million)
Interest rate:	9.39% to 18.25% per annum
Repayment term:	10 months from each loan drawdown, which then further extended to 31 December 2023
Details of collaterals, securities or guarantees:	Corporate guarantee by the controlling shareholder

Guangdong Jiangmen Project

Agreement date:	20 May 2021
Loan principal amount:	RMB702.6 million (equivalent to HK$788 million)
Interest rate:	9% per annum
Repayment term:	18 months from the last loan drawdown
Details of collaterals, securities or guarantees:	Corporate guarantee by the controlling shareholder

These amounts were stated at amortized cost with an aggregate principal amount of RMB1,118.3 million (equivalent to HK$1,254.2 million), bearing interest ranging from 9% to 18.25% per annum, and were repayable within 1 year, and guaranteed by the controlling shareholder of the associates. The carrying amounts of the receivables before and after impairments as at 31 December 2022 are summarized as follow:

Project name	Carrying amount before impairment HK$' million	Impairment in 2022 HK$' million	Impairment before 2022 and effect of foreign exchange HK$' million	Carrying amount after impairment HK$' million
Jiangsu Yancheng Project	466.2	(371.4)	(7.4)	87.4
Guangdong Jiangmen Project	788.0	(609.4)	(43.6)	135.0
Total	1,254.2	(980.8)	(51.0)	222.4

The provision for expected credit losses is performed by an independent professional valuer by applying the probability-weighted loss default model with reference to the risks of default of the counterparties after discussion with the management. This valuation method takes into consideration of the probability of default and loss given default which are the critical factors in determining the quantum of the loss when there is a default and is widely considered to be the most appropriate methodology for assessing the expected credit losses, such valuation method has not been changed in 2021 and 2022. While the development of the projects and property sales proceeds have been slow down following the PRC property market credit crisis, the repayment capacity for these associates is largely relying on the financial support from its controlling shareholder which has announced default on its corporate bonds, therefore the probability of default applied is increased to 100% (2021: ranged from 0.33% to 9.51%), and the loss given default is estimated to be approximately 83% (2021: 62%) by reference to the Annual Default Study published by Moody's Investors Service, the increase in loss given default is due to adoption of recovery rate to default senior subordinate bond in the current year while recovery rate to senior unsecured bond before default was used in the prior year. As part of the independent auditors' audit procedures, they have assessed the methodology applied and the key parameters and estimates in the expected credit loss calculations adopted by the management and the independent professional valuer.

The value of the Group's investment properties in the UK had also been adversely impacted by the interest rate hikes which resulted in fair value losses of HK$1.4 billion. As this expense is non-cash in nature, and the Group is holding these investment properties for long term rental purposes, the Group does not expect its overall financial position to be affected substantially.

As at 31 December 2022, the Group's investment properties in the UK were revalued by Knight Frank Petty Limited ("KF") at GBP1.3 billion, representing a decrease of 10.7% compared to the previous year. In performing the valuation, KF adopted the income capitalization approach with the following key values of inputs:

Values of input	31 December 2022	31 December 2021	Relationship to fair value
Estimated rental values	GBP60 to GBP110	GBP60 to GBP110	The higher the rental values the higher the fair value
Equivalent yields	3.99% to 4.91%	3.56% to 4.67%	The higher the yields the lower the fair value

The income capitalization approach took into consideration of the rental values of the tenancies and the investment yields which are the critical factors in determining its values and is widely considered to be the most adopted and appropriate methodology for valuing properties held for long term rental purpose. The decrease in fair value as at 31 December 2022 was mainly driven by the upward adjustment of the investment yields to 3.99% to 4.91% which is reasonable and in line with the Group's expectation in view of the interest rate hikes during the year.

Taking into account the provision for expected credit losses on amounts due from the two PRC property projects and the fair value losses on investment properties which are non-cash and unrealized in nature, the Group recognized a loss after tax of HK$1,940.3 million for the year ended 31 December 2022 compared to a profit of HK$490.1 million for 2021. If these two significant non-cash and unrealized items were excluded, the Group would record a profit of HK$483.8 million for the year.

The loss attributable to shareholders was HK$1,940.3 million (2021: profit attributable to shareholders was HK$490.1 million). The basic loss per share for the year was HK49.98 cents (2021: the basic earnings per share was HK12.62 cents).

Investment Properties

As at 31 December 2022, the Group owns two Grade A commercial properties in the UK.

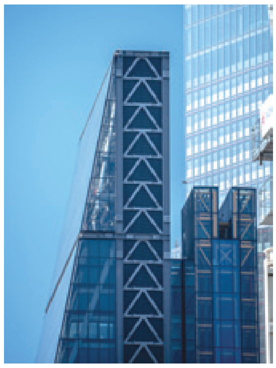
United Kingdom

Both of the Group's two commercial buildings, namely The Leadenhall Building and One Kingdom Street, are located in Central London, the prime financial and insurance districts in the UK. Strong demand for quality means the Group's prime office spaces with an approximate total leasable area of 875,000 square feet ("sqf") were almost fully let as at 31 December 2022. These assets have stable cash flows and retain their values very well over long period of time as a result of their long-term leases. The high occupancy rate in the two investment properties reflects the concrete demand for space that offers quality, convenience and flexibility. These two buildings represent the core rental business of the Group, providing secure and stable incomes. The Group's focus remains in how to improve these assets to secure rental uplifts and lease renewals.

During the year, the Group generated a rental income of HK$494.6 million (2021: HK$512.0 million) from its investment properties in the UK. The Group's rent collection has performed exceptionally well and continues to experience minimal interruption, with 99% of the rent for the year collected (2021: 97%). Rent reviews were carried out for The Leadenhall Building involving 234,000 sqf at an average of an increase of 3.1% on an annual basis.

The Leadenhall Building

The Leadenhall Building is one of the iconic buildings in Central London – a skyscraper with a height of 225 metres (738 feet) tall. The building's distinctive wedge-shaped architectural design has created a number of specific spaces to cater to the different needs of the tenants' businesses. The combination of modern offices and food experiences in the neighborhood enables tenants' businesses to attract and keep talented people. The property consists of 46 floors which are used mainly for office purposes and will be held by the Group as an investment property for long term capital growth. It comprises approximately 610,000 sqf of office and retail space, and was almost fully let as at 31 December 2022 with a weighted average unexpired lease term of approximately 9.0 years with 7.2 years on a term-certain basis. The building's tenant base includes a number of renowned international insurance companies alongside other financial institutions, technology, and professional service businesses. The current annual contract rent of The Leadenhall Building is in the region of GBP41.6 million (2021: GBP39.4 million). The rental yield is approximately 3.6% (2021: 3.4%) per annum.



The Leadenhall Building

One Kingdom Street

The property is well connected to public transportation with nearby underground stations, providing easy access to Oxford Street or Heathrow Airport. One Kingdom Street is situated in Paddington Central, a location comprised of dining, office and residential blocks, hotel, retail and, entertainment amenities. The building itself features elegant glazed exteriors and a superbly functional entrance hall, while above, 265,000 sqf of superior office space is spread over nine floors. There is a huge amount of natural light in every office to create a productive and enjoyable working environment.

One Kingdom Street

One Kingdom Street offers approximately 265,000 sqf of Grade A office accommodation and some parking spaces, with a current annual contract rent of approximately GBP15.4 million (2021: GBP15.4 million), equivalent to an annual yield of 5.3% (2021: 5.3%). The building is almost fully leased to reputable major tenants.

Joint Ventures

As at 31 December 2022, the Group has seven property projects operating through joint ventures, two projects with over 1.1 million sqf of attributable development space in London, three projects with approximately 0.5 million sqf in Hong Kong and, two projects with approximately 7.0 million sqf in the PRC.

The Group's total investments in joint venture projects increased to HK$10.3 billion as at 31 December 2022, up from HK$8.7 billion as at 31 December 2021. The increase was largely due to the acquisition of No. 15 Shouson.

During the year, the Group's joint venture completed the disposal of 85 Spring Street in Melbourne at a consideration of AUD130 million with a pre-tax gain of approximately AUD9 million over the cost of the property. Looking ahead, the Group will continue to seek investment opportunities in the Australian market to further diversify the Group's businesses and provide the opportunity for additional growth going forward.

The Group's development pipeline is a significant component of value of its joint venture business, and the Group expects this pipeline to contribute significantly to earnings and provide attractive returns on its investments in the near to medium term. As at 31 December 2022, the Group held interests in centrally located development sites with a total attributable development potential of approximately 8.6 million sqf, primarily in the UK, Hong Kong and, the PRC.

London

The Group's presence in London's development business through its ownership interests in Thames City and The Whiteley continues to drive value for its shareholders. As at 31 December 2022, an accumulated total of 320 residential units for over GBP543 million have been presold in Thames City, and a total of 54 residential properties for an aggregate sales price of roughly GBP334 million have been presold for The Whiteley.

Thames City

Along the south bank of River Thames, the 10-acre former New Covent Garden Market site is now being redeveloped as Thames City, a mixed-use development featuring 12 residential and commercial buildings, ranging in height from 4 to 53 storeys, and a park which forms part of a vibrant regeneration district that will run from the Vauxhall Bridge to the Battersea Power Station. When fully developed, Thames City comprises 1,500 luxury residential units with a total saleable area of approximately 1.7 million sqf, including three primary towers which rise up to 53 storeys above basement, providing breathtaking panoramic views over the whole of London. Other facilities include a grand clubhouse with a 30-metre indoor heated swimming pool, a state of the art gymnasium, cinema, karaoke lounge, library, conference and function rooms, landscaped gardens, restaurants, retail outlets and commercial spaces. Together with the high quality finish and built-in amenities, these facilities have attracted many buyers, both end-users and investors alike, to build up an believably exciting sales momentum.

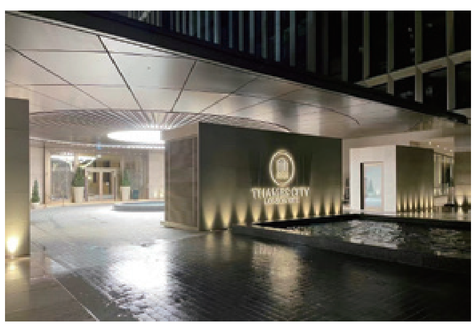
Living Room, Thames City

The development schedule has not been affected by COVID-19 restrictions. Two major towers of the Phase I development were completed in the second half of the year. A total of 195 units representing 192,500 sqf were delivered as at 31 December 2022, yielding a sales revenue of GBP287 million. The last tower of Phase 1, N6, is expected to be delivered in June this year. Altogether upon full completion, Phase I development comprises 543 residential units.

The 30-metre Indoor Heated Swimming Pool at Thames City

The Group's near to medium term pipeline now covers about 1 million sqf with the second phase of Thames City, comprising 9 buildings, providing a mix of residential, commercial, and retail spaces. Construction will start soon.

The Group has a 50% interests in the Thames City project. In June 2022, the Group's Chairman personally became its 50% partner in this project by taking over the 50% interest originally owned by Guangzhou R&F Properties Co. Ltd.



Entrance Lobby of Thames City

The Whiteley

In 2019, the Group committed to invest GBP182 million to restore the legendary Whiteley project which constitutes an important part of the ongoing regeneration of Queensway which will be transformed into a more pedestrian friendly zone. Located in Queensway, W2 London, the Whiteley redevelopment project is a mixed-use scheme which secured planning permission in 2016. When finished, the project with about 603,000 sqf, will deliver 139 unique luxury residential apartments, a 109-keys spa hotel operated by Six Senses, retail and restaurant spaces, offering an exceptional destination in prime Central London. Completion of the redevelopment is expected around the end of 2023, restoring Whiteley to its deserved glorious position in the heart of Bayswater. The Group has fully paid its committed investment of GBP182 million for the development.


Entrance Lobby of Six Senses, The Whiteley London


Living Room of The Residences, The Whiteley London

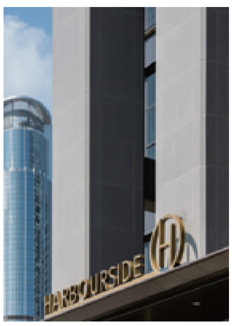
The construction activity has made good progress and will contribute to the Group's growth when the project is completed. Located in one of Central London's most attractive neighborhoods, the redevelopment of Whiteley will add luxury residential spaces in a popular area with limited supply. The development includes a combination of 326,000 sqf of residential apartments, and 277,000 sqf of retail, hotel, commercial and parking spaces. As at 31 December 2022, 54 residential units have been presold for GBP334 million.

The Group has approximately 46% interest but 50% voting power in the project.

Hong Kong

Harbourside HQ

Located next to the Kai Tak Development District, Harbourside HQ is a 28-storeyed Grade A office building with a total marketable gross floor area of approximately 795,000 sqf, including retail spaces on the ground and first floor, and 285 parking spaces. Overlooking the Kai Tak and Kwun Tong Promenade, the property is situated close to the Ngau Tau Kok MTR stations, rendering it accessible and connected to different parts of Hong Kong. With its unique location and iconic 136.5 metres height, Harbourside HQ commands a panoramic harbour view from the Lei Yue Mun Straits to the Victoria Harbour. The nearby retail and commercial structures offer extensive amenities in shopping, dining and, entertainment. The building is 58% leased out as at 31 December 2022. The cost of acquisition was HK$7.5 billion in which the Group has a 25% interest.

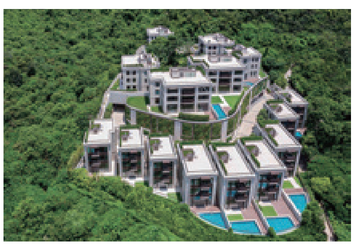


Harbourside HQ


Greeting Office Lobby of Harbourside HQ

No. 15 Shouson

No. 15 Shouson is located at No. 15 Shouson Hill Road West. It comprises 15 luxury villas with a total gross floor area of approximately 88,000 sqf. All the villas have built-in lifts, gardens, usable rooftops and parking spaces. Among them, 13 villas have also private swimming pools. Construction of the properties has been completed and marketing commenced during the year with a successful sale of two villas at prices of approximately HK$870 million and HK$435 million respectively, equivalent to HK$108,000 and HK$92,000 per sqf respectively.


No.15 Shouson


No.15 Shouson

Through two separate acquisitions in January 2022 and October 2022, the Group has acquired an effective 42% interest in the project with an investment of about HK$1.2 billion as at 31 December 2022.

Kowloon Bay International Trade & Exhibition Centre ("KITEC")

The Group has an effective 15% interest in a joint venture development project related to the KITEC with an attributable investment of about HK$906 million. The property with a site area of about 240,000 sqf and a total gross floor area of about 1.8 million sqf is positioned for commercial developments. The investment is in line with the view that the new supply and local demand of commercial spaces over the next few years will be in Kowloon East as a build-up to be Hong Kong's second CBD hub.

Kowloon Bay International Trade & Exhibition Centre

The PRC

Development Projects

Jiangsu Yancheng Project (江蘇鹽城項目)
The Group participated in a 29.4% interest in a joint venture of a development project in Jiangsu with a planned total investment of RMB496 million. The project has a site area of about 687,000 sqf. When fully developed, it comprises 1.56 million sqf of residential and commercial saleable area. The project is located at the intersection of Yanzhen Road (鹽枕路) and Houde Road (厚德路) in close proximity to the city government office building, the airport, and railway station. Construction work commenced in June 2021 and completion of the project is due at the end of 2023.

The project will be developed in two phases, comprising thirteen residential and commercial buildings. Construction of Phase I comprises six buildings, all of which have already been completed to the top floor. Pre-sales commenced in September 2021 with 239,000 sqf sold. Completion of the Phase I is due at the end of December 2023.

Guangdong Jiangmen Project (廣東江門市項目)
The Group has a 34% interest in a joint venture of a development project in Jiangmen city, Guangdong Province, with a total investment cost of RMB703 million. The project, with a site area of about 15.5 million sqf, is positioned for commercial and residential development, providing a total GFA of about 19.2 million sqf. The project is located on the west bank of the Guangdong-Hong Kong-Macau Greater Bay Area, at the core of the Taishan (台山) coastal resort area.

The project is still in its initial stage with completed site survey. Infrastructure works related to access roads and utility facilities are required for the residential site before the commencement of construction works.

Treasury Investment Business

The treasury investment segment recorded a loss of HK$190.4 million (2021: HK$349.6 million). The dividends and interests earned from investments and loans receivable amounted to HK$3.8 million (2021: HK$136.0 million). The fair value losses from its investment portfolio and realized losses amounted to HK$140.5 million and HK$3.6 million respectively (2021: fair value losses of HK$179.8 million and realized losses of HK$229.2 million).

CORPORATE STRATEGY AND OUTLOOK

The property development projects have contributed to the growth of the property portfolio. The Group's healthy leverage and liquidity position have afforded it the financial capacity and flexibility to maintain growth objectives for years to come.

For the two development projects in London, revenue will be continually booked throughout the year when completed units are delivered.

Looking forward to 2023, the Management anticipates volatility, uncertainty and a more challenging business environment. The Group will focus on ensuring the stability and durability of its existing property portfolio and balance sheet. However, with its strong balance sheet, and the quality property portfolio, the Group is well positioned to take advantage of opportunities and cherry pick acquisition targets along the way.

FINANCIAL REVIEW

Investments in Joint Ventures

As at 31 December 2022, details of the Group's significant investments in joint ventures, which have been accounted for in accordance with the equity method of accounting, are as follows:

Project name	Carrying amount 31 December 2022 HK$' million	 31 December 2021 HK$' million
Thames City	**4,523.7**	4,777.4
The Whiteley	**2,247.2**	2,228.4
85 Spring Street	**229.2**	248.5
No. 15 Shouson	**1,601.7**	–
Total	**8,601.8**	7,254.3

During the year, the Group invested through two separate transactions a total of HK$1.2 billion in the acquisition of 42% effective interest in No. 15 Shouson and gains on bargain purchase of HK$435.7 million have been recognized in the consolidated statement of profit or loss.

The following table presents the movement of investments in joint ventures during the year:

	31 December 2022 HK$' million	31 December 2021 HK$' million
Carrying value at the beginning of year	**7,254.3**	4,700.3
Acquisition/(disposal)	**1,184.1**	(57.3)
Net investments	**38.6**	2,489.4
Share of total comprehensive income	**933.2**	187.5
Effects of foreign exchange	**(808.4)**	(65.6)
Carrying value at the end of year	**8,601.8**	7,254.3

Investments in Associates

As at 31 December 2022, the details of the Group's significant investments in associates, which have been accounted for in accordance with the equity method of accounting, are as follows:

Project name	Carrying amount 31 December 2022 HK$' million	 31 December 2021 HK$' million
KITEC	**922.6**	908.7
Harbourside HQ	**822.9**	474.5
Others	**0.8**	36.9
Total	**1,746.3**	1,420.1

The following table presents the movement of investments in associates during the year:

	31 December 2022 HK$' million	31 December 2021 HK$' million
Carrying value at the beginning of year	**1,420.1**	517.9
Acquisition	**–**	941.3
Net investments	**356.2**	(45.5)
Share of total comprehensive income/(loss)	**(26.9)**	5.6
Effects of foreign exchange	**(3.1)**	0.8
Carrying value at the end of year	**1,746.3**	1,420.1

Apart from the above, loans totaling HK$1.3 billion (2021: HK$1.4 billion) have been advanced to associates for the purpose of development projects which are included in prepayments, deposits and other receivables. Due to the prolonged credit crisis within the PRC property market, a provision for expected credit losses of HK$1.0 billion (2021: HK$57.3 million) has been made as at 31 December 2022.

Treasury Investments

The Group regularly reviews and manages its capital structure to ensure that its financial position remains sound, so that it can continue to provide returns to shareholders while keeping financial leverage at a prudent level. The objectives of the Group's investment policy are to minimize risks while retaining liquidity, a strong balance sheet, and to achieve a competitive rate of return.

The Group invested surplus cash in a diversified portfolio of listed equity securities and unlisted investment funds. As at 31 December 2022, the portfolio of investments comprised listed equity securities and unlisted investment funds with an aggregate carrying value of HK$1,199.4 million (31 December 2021: HK$1,351.2 million) which is listed in the table below:

	31 December 2022 HK$' million	31 December 2021 HK$' million
Financial assets at fair value through profit or loss		
Listed equity securities	**214.8**	274.7
Unlisted investment funds	**984.6**	1,076.5
Total	**1,199.4**	1,351.2

In terms of performance, the Group recognized from its portfolio of investments during the year an unrealized fair value loss of HK$140.5 million (2021: HK$179.8 million) in the consolidated statement of profit or loss. The realized loss on the portfolio of investments for the year was HK$3.6 million (2021: HK$229.2 million), whereas the dividends and interest income from above investments totalled HK$1.7 million (2021: HK$117.9 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 investment portfolio 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

As at 31 December 2022, the Group had cash on hand of HK$1.9 billion and amounts available under its lines of credit totaling HK$1 billion. About 9% of the Group's bank deposits and cash were denominated in HKD, 63% in USD, 20% in GBP and 8% in other currencies.

The Group has executed a conservative strategy of securing long-term financing on individual properties. As at 31 December 2022, the Group had two investment properties valued at approximately HK$12.1 billion which are charged with mortgages totaling HK$6.9 billion. The average loan to value is a healthy 57%.

Where appropriate, the Group uses interest rate swaps to lock-in borrowing rates on certain mortgages and bank borrowings, which provides certainty to the rate of interest on borrowings involving transactions of a long term nature.

The Group's net borrowings increased to HK$8.8 billion at 31 December 2022, compared with HK$8.0 billion at 31 December 2021. The increase was due to the need to contribute funding to the acquisition of the interest in No. 15 Shouson. As a result, the Group's net gearing ratio, which is calculated as net borrowings as a percentage of the owners' equity, increased to 59.2% at 31 December 2022 from 43.3% at 31 December 2021.

As at 31 December 2022, total debt was HK$10.7 billion (2021: HK$13.0 billion) with the maturity profile spreading over a period of five years with HK$0.2 billion repayable within one year and the remaining HK$10.5 billion repayable after one year. About 65% of the Group's total debt was denominated in GBP, 22% in USD, 12% in HKD, and 1% in RMB. The debt to total assets ratio was 41% (2021: 41%) and is calculated as debt as a percentage to total assets. As at 31 December 2022, except for the notes payable of HK$2.3 billion (2021: HK$2.3 billion) and a loan of HK$0.1 billion (2021: HK$0.3 billion) bearing interest at fixed rates, all bank borrowings bear interest at floating interest rates. The weighted average cost of debt was 3.7% (2021: 3.1%) during the year.

The Group continues to maintain a high level of liquidity. Total assets as at 31 December 2022 were HK$26.2 billion, of which approximately 13% were current in nature. Net current assets were HK$2.6 billion.

As at 31 December 2022, the owners' equity was HK$14.9 billion (2021: HK$18.4 billion) and the net assets value per share was HK$3.84 (2021: HK$4.75).

Contingent Liabilities/Financial Guarantees

At 31 December 2022, 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 amounted to HK$47 million (31 December 2021: HK$105 million).

2. Guarantees given to banks in connection with facilities granted to joint ventures up to HK$2,525 million (31 December 2021: HK$2,509 million).

3. Guarantees given to banks and an independent third party in connection with facilities granted to associates up to HK$1,787 million (31 December 2021: HK$2,172 million).

4. Guarantees given to certain financial institutions in connection with the cost overrun guarantee in respect of the project development costs and sales milestones guarantee of a joint venture up to HK$782 million (31 December 2021: HK$869 million).

Pledge of Assets

As at 31 December 2022, investment properties, bank deposits, and property and equipment in the respective amounts of HK$12.1 billion, HK$24 million and HK$71 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 adopts strategic hedging policies to optimize risk-adjusted returns from operations, including the following initiatives:

1. Use of interest rate swaps to hedge the interest rate risk on borrowings.

2. Use of same currency borrowings as a natural hedge to match the currency of assets and cashflows.

3. Use of currency forward contracts to hedge currency risk as appropriate.

EMPLOYEES

As at 31 December 2022, the Group employed a total of 114 employees in Hong Kong, China and the UK for its principal business. Remuneration cost for the year (excluding directors' emoluments) amounted to approximately HK$127 million.

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

Employees are also eligible to be granted share options under the Company's share option scheme at the discretion of the Board. For 2022 and 2021, no equity-settled share option expense was charged off to the consolidated statement of profit or loss.

The Group adopts a proactive approach in investor relations and strives to provide investors with updates and accurate information on the Group's latest development. The Group has an open-minded attitude and believes effective communication is two-ways and therefore also encourages investors to give feedback to the Group. To enable easy access to information on the Company's latest major development, measures have been taken to ensure all necessary information and appropriate updates are made available to investors in a timely manner through the Company's website, www.ccland.com.hk. The Group adopts multiple channels of communication and engagement with investors. These channels allow us to receive feedback from our shareholders and the investment community. The Group has designated an investor relations email account for receiving enquiries and information requests from investors.

Investor Relations Activities

To facilitate on-going and timely dialogues with the investment community, the Group held analyst briefings after each results announcement. The management of the Group also participated in investment forums organized by leading international investment banks. Due to the COVID-19 outbreak, the meetings were changed to online mode in the last three years. The management believes face to face encounter with investors to exchange ideas are important and will resume such meetings for analyst briefings when appropriate.

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

Apart from the equity investors, since the issuance of its guaranteed notes in 2019, the Group also communicates and updates its latest development with bond investors regularly.

Achievements And Awards

During the year, The Leadenhall Building and One Kingdom Street received various recognitions in the industry.

The Leadenhall Building is continued ISO 14001 accredited with 100% score. This accreditation maps out a framework that a company or organization should follow to set up an effective environment management system.

The Leadenhall Building was a Finalist in the "Partners in Carbon Savings" category for the 2022 Premises and Facilities Management (PFM) Awards. This is from the Management's work with occupiers and service partners in reducing energy consumption in all areas and promoting innovation in all fields of energy.

One Kingdom Street is ISO 14001 re-certified with 100% compliance in Environmental Management System.

ISO 14001 Certificate awarded to The Leadenhall Building

1. GOVERNANCE STRUCTURE

This ESG report is prepared in accordance with the reporting requirements of the Environmental, Social and Governance Reporting Guide (the "Guide") set out in Appendix 27 to the Listing Rules.

The Board has overall responsibility for the Group's ESG including:

- evaluating and determining the Group's ESG-related risks and opportunities;
- ensuring that appropriate and effective ESG risk management and internal control systems are in place;
- setting the Group's ESG management approach, strategy, priorities and objectives;
- reviewing the Group's performance periodically against ESG-related goals and targets; and
- approving disclosures in the Group's ESG report.

It is our primary objective in relation to ESG to promote sustainable development that meets our business goals without compromising the needs of the environment, society and economy. This coincides with our recognition that ESG issues are as important as other types of enterprise risks, which could have a material impact on the Group's ability to generate returns. The priority of the Board's oversight of ESG issues is therefore to incorporate such objective into the Group's daily operations and to devise measures and monitoring system to enhance our sustainability performance as part of our business development strategy. In meeting our objective, our ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the Group's businesses) is aimed to ensure consistency and acceptable balances between our corporate actions and the interests of the environment, society and sustainable development. In evaluating progress against ESG-related goals and targets, the Board has taken into account various factors that are relevant to our business operation, industry and geographic exposure including measurement systems, external performance ratings, benchmarking, and stakeholder feedback. The main challenge for the Group in relation to ESG is to strike the right balance between economic and environmental sustainability.

2. REPORTING PRINCIPLES

The following reporting principles as set out in the Guide have been applied in the preparation of this ESG report:

- **Materiality:** The materiality of which aspects in the Guide that is sufficiently important to our business and should be disclosed in this ESG report is determined by the Board through internal assessment conducted by senior managers and key employees based on our own circumstances. Relevant factors that have been taken into account when conducting internal materiality assessment include our ESG objective, policies and strategies, impact on our business, relevant laws and regulations that are significant to our business, as well as relevant guidance and resources that are available.

- **Quantitative:** Targets by way of numerical figures or directional statements as required and appropriate will be set for those relevant key performance indicators ("KPIs") in accordance with the Guide.

- **Consistency:** There is no change from previous years in the methodologies or calculation methods used in preparing this ESG report.

3. REPORTING BOUNDARY

Unless otherwise stated, the mandatory disclosures in this ESG report cover our principal operations in Hong Kong carried out from our offices situated at leased premises located in a commercial building in Wanchai for the reporting year ended 31 December 2022.

For disclosures on our corporate governance as required under the Listing Rules, please refer to the section headed "Corporate Governance Report" on pages 28 to 35.

4. A. ENVIRONMENTAL

4.1 Aspect A1: Emissions

This aspect is determined to be not material for being irrelevant to the reporting boundary of this ESG report, and thus no emissions target has been set. Nevertheless, we are committed to reducing emissions where applicable and will continue to report on this aspect to the extent applicable in order to demonstrate how we have performed for reference.

4.1.1 Greenhouse Gas Emissions

Our offices do not involve any direct air and greenhouse gas ("GHG") emissions. During the reporting year, our total indirect GHG emissions were approximately 116.17 tonnes (2021: 67.76 tonnes) of carbon dioxide equivalent arising principally from our consumption of electricity, use of paper and business travel outside Hong Kong. The increase in our indirect GHG emissions was primarily attributable to the increase in business travel resumed during the reporting year following the gradual relaxation of travel restrictions, as compared to the previous reporting year when almost all business travel had been suspended. Details of our GHG emissions are as follows:

Sources of GHG emission	GHG emission (in tonne CO2-e)	GHG emission by scope (in tonne CO2-e)
Direct emissions (Scope 1)	–	–
Indirect emissions (Scope 2)		63.11
– Electricity	63.11	
Other indirect emissions (Scope 3)		53.06
– Paper consumption	3.48	
– Business travel outside Hong Kong	49.58	

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

As a green initiative, we support the "Indoor Temperature Energy Saving Charter" to improve energy efficiency of our operations. Our employees are encouraged to reduce frequency of business trips by making use of alternative facilities such as telephone and video conferencing instead of attending face-to-face meetings as and when practicable. The Group participated in the annual public campaign of "Hong Kong Green Building Week 2022", co-organised by Construction Industry Council and the Hong Kong Green Building Council. The campaign, themed "10 out of 10 for Green Building. Carbon Neutrality by 2050!" held from 24 September 2022 to 30 September 2022. Our employees also joined the "Biz-Green Dress Day" held on 7 September 2022, an activity to engage the business communities to adopt a greener lifestyle in workplace.

4.1.2 Waste

Our offices do not involve the generation of any hazardous waste, and thus no emissions target has been set. Our major non-hazardous waste source pertains to general office waste including domestic waste and paper waste. Our domestic waste is disposed of by the relevant property management entities of the building in which our offices are located as part of their property management services. As a green initiative, we have set up designated collection points in the offices to collect recyclable paper waste whether generated internally or otherwise for recycling. During the reporting year, a total of 1.21 tonnes (2021: 1.32 tonnes) of recyclable paper waste had been collected. In addition to recyclable paper waste, plastic bottles and other office recyclable consumables, such as used toner cartridge will also be collected for proper recycling or disposal.

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

4.2 Aspect A2: Use of Resources

This aspect is also determined to be not material for being irrelevant to the reporting boundary of this ESG report, and thus no energy use or water efficiency target has been set. Nevertheless, we strive to use our resources, particularly energy and paper being the two major categories of resources consumed in our offices, in an efficient manner by adhering to the principles of reducing, reusing and recycling, and will continue to report on this aspect to the extent applicable in order to demonstrate how we have performed for reference.

During the reporting year, we have consumed paper equivalent to a total of 281.90 reams (2021: 307 reams) of A4-size paper. As part of our use of resources efficiency initiatives, we encourage our employees to use electronic copies instead of printed copies of materials and to choose double-sided printing or copying options in order to reduce the use of paper wherever permissible. In addition to our initiatives aiming to use resources efficiently, we have adopted a policy of using environmentally friendly materials where applicable. Beginning from 2016, our interim and annual reports have been printed on Forest Stewardship Council certified papers. We have also implemented a number of green initiatives to raise our staff's conservation awareness. We have introduced measures of energy savings, waste less and low carbon living style through the workplace, including displaying prominent signs in conspicuous locations to remind staff of using energy and water more efficiently or reducing the amount of resources consumed.

During the reporting year, total annual electricity consumption of our offices was approximately 4.4 kWh per sqf (2021: 4.4 kWh per sqf) or 40.6 kWh per working hour (2021: 40.6 kWh per working hour), representing a total annual electricity consumption of approximately 88,888 kWh (2021: 89,647 kWh). Total annual electricity consumption per employee was approximately 1,389 kWh (2021: 1,338 kWh). We also promote adoption of energy-efficient electrical appliances in our offices wherever applicable.

We use water mainly for drinking and general cleaning purposes in our offices. Total annual tap water consumption of our offices during the reporting year was approximately 697 cubic metres (2021: 710 cubic metres), representing a total annual tap water consumption per employee of approximately 10.9 cubic metres (2021: 10.6 cubic metres). Overall tap water consumption during the reporting year stayed similar to last year. We have also provided our employees with refillable bottled distilled water for drinking. During the reporting year, our offices consumed a total of approximately 0.46 cubic metre (2021: 0.5 cubic metre) of distilled water. All emptied bottles were collected by the supplier for reuse. A water filtration and purification system has been installed to provide our employees with filtered potable water as an alternative source for drinking consumption in order to reduce our reliance on bottled distilled water as part of our green initiatives. Accordingly, tap water has become the main source for our water consumption. During the reporting year, we have not encountered any issue in sourcing water that is fit for our day-to-day office use.

Our offices do not produce any finished products, and thus we do not involve in the use of any packaging materials.

4.3 Aspect A3: The Environment and Natural Resources

This aspect is also determined to be not material for being irrelevant to the reporting boundary of this ESG report. Nevertheless, we are committed to minimizing the impact of our operations on the environment and natural resources, and will continue to report on this aspect to the extent applicable in order to demonstrate how we have performed for reference.

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

4.4 Aspect A4: The Climate Change

Climate change-related impacts present both physical and financial risks to a wide range of sectors in which we operate. It is our aim to identify and assess climate change risks and opportunities in order to enhance our understanding of such impacts on our operations with a view to adapting our operations to climate change. We also aim to reduce carbon emissions in our operations by encouraging the use of energy efficient and low carbon products and materials wherever practicable as a measure to mitigate potential impact of climate change. Our corporate risk management process will take into account climate change risks for the purpose of increasing our resilience to climate change wherever practicable.

As a real estate developer, investor and owner, the primary source of acute physical risks associated with significant climate-related issues that may evolve in the future and impact our operations are catastrophic events such as abnormal frequency and intensity of typhoons, earthquakes, and rising sea and land temperatures. Costs of insuring, maintaining, repairing damaged property could become costly. There are also other chronic physical risks associated with progressive climate-related issues, such as sustained higher temperatures that might cause sea level rise or chronic heat waves and could adversely affect property market development and property values. Our financial performance could also be affected by changes in water availability, sourcing and quality; food security; and extreme temperature changes affecting our premises, operations, supply chain, transport needs, and employee safety. Regulatory compliance, financing, taxes and other expenses for investment and ownership could be increased as a result of additional policies, legal, technological and market changes specifically formulated to address mitigation and adaptation requirements related to climate change for transitioning to a lower-carbon economy. Depending on the nature, speed, and focus of the changes, such transition risks might pose varying levels of financial and reputational risk to our operations in the long term.

5. B. SOCIAL

5.1 Employment and Labour Practices

5.1.1 Aspect B1: Employment

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

We are also committed to adhering to relevant employment laws and regulations that have a significant impact on our operation relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. These include the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong), Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong), Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong), Family Status Discrimination Ordinance (Chapter 527 of the Laws of Hong Kong), and Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong). During the reporting year, we are not aware of any non-compliance with any relevant laws and regulations.

As at 31 December 2022, the Group had 75 employees in total working in our offices in Hong Kong.

Total workforce by gender, employment type, age group and geographical region during the reporting year

	Number of employees
Gender	
Female	31
Male	44
Employment type	
Full-time	75
Part-time	0
Age group	
30 or below	7
31 to 50	36
51 or above	32
Geographical region	
Hong Kong	75

Employee turnover rate by gender, age group and geographical region during the reporting year

	Turnover rate (%)
Gender	
Female	19.35
Male	4.55
Age group	
30 or below	0
31 to 50	22.22
51 or above	0
Geographical region	
Hong Kong	10.67

We have adopted remuneration policies setting out principles and guidance on remuneration of our Directors and employees and a policy setting out the approach to achieve a diverse board. Further details of the remuneration policy for our Directors and board diversity policy are set out in the section headed "Corporate Governance Report" on pages 28 to 35, and those of the remuneration policy for our employees are set out in the section headed "Directors' Report" on pages 36 to 41.

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

5.1.2 Aspect B2: Health and Safety

We strive to provide a safe working environment in our offices, free from any occupational hazards, to our employees in compliance with relevant laws and regulations relating to occupational safety and health. The most relevant piece of legislation that has a significant impact on our operation is the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), which provides for the safety and health protection to employees in workplaces. During the reporting year, we are not aware of any non-compliance with the Occupational Safety and Health Ordinance.

There was no work-related fatality within the Group during the past three years including the reporting year.

There was no loss of working days of any employee resulting from work injury during the reporting year.

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

During the reporting year, various temporary measures have been implemented in response to the COVID-19 pandemic by reference to government guidance including: (i) enabling flexible work arrangements such as telecommuting and shortening working hours whenever possible; (ii) providing surgical masks for use in the office and rapid antigen test kits for self-testing, making available hand sanitizer, liquid soap and disinfecting products to employees; (iii) increasing cleaning of high-touch areas and deep-cleaning of impacted areas; and (iv) encouraging employees to stay vigilant and take all appropriate health and safety measures in coordination with their managers. We will continue to monitor the situation and adapt our measures as needed following government guidance.

5.1.3 Aspect B3: Development and Training

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

We provide our Directors with regular updates on changes to and developments of the Group's business, and on the latest developments in the laws, rules and regulations relating to directors' duties and responsibilities to help them make informed decisions and discharge their duties and responsibilities as the Directors. In response to the COVID-19 pandemic, we have cancelled the annual on-site training for our Directors during the reporting year. Instead, we have provided our directors with reading and e-learning materials on topics relevant to their duties and encouraged them to join webinars for their continuous professional development during the reporting year. We also offer subsidies to our employees who attend training courses to assist them in further developing their job-related knowledge and skills. For a summary of training received by our Directors, please refer to the section headed "Corporate Governance Report" on pages 28 to 35.

The following table shows the percentage of employees of the Group located in our offices in Hong Kong trained by gender and employee category during the reporting year:

Gender and employee category	Percentage of employee trained (%)
Male	57.58
Female	42.42
General employees	39.40
Management level	45.45
Executive Directors	15.15

During the reporting year, the average training hours completed per employee by gender and employee category are as follows:

Gender and employee category	Average training hours completed per employee
Male	10.02
Female	3.89
General employees	1.99
Management level	12.60
Executive Directors	22.90

5.1.4 Aspect B4: Labour Standards

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

The Group's employment practices are in line with the local employment laws including the Employment Ordinance of Hong Kong and other related labour laws or regulations. To ensure the Group is legally compliant with local laws and regulations, it has implemented effective controls in the recruitment process, for example, the applicant's identity is checked, including but not limited to his or her age and eligibility for employment.

The risk of the issues of child and forced labour is minimal in our operation. All child or forced labour once identified must be reported for assessment, response (safety and protection) and prevention. It is important to act quickly and responsibly. The child or impacted adult shall be removed from all work immediately and placed in a safe place. Contact details of the child(ren) and their parents/guardian (or relatives in the case of adult(s)) shall be obtained, and the case shall be safely reported to the appropriate government agency for protective action. A risk improvement plan shall be developed to eliminate further risk of such practices.

During the reporting year, we are not aware of any non-compliance with relevant laws and regulations that have a significant impact on our operations relating to preventing child and forced labour.

5.2 Operating Practices

5.2.1 Aspect B5: Supply Chain Management

Our offices do not produce any finished products. This aspect is therefore determined to be not material for being irrelevant or immaterial to the reporting boundary of this ESG report, and thus it is not reported on.

5.2.2 Aspect B6: Product Responsibility

This aspect is also determined to be not material for being irrelevant or immaterial to the reporting boundary of this ESG report, and thus it is not reported on.

5.2.3 Aspect B7: Anti-corruption

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

We have since 2012 put in place a code of conduct (the "Code") applicable to our Directors and employees of the Group both inside and outside Hong Kong, setting out the standards of behaviour that the Company expects from them, guidelines on how they should handle different situations in business dealings with the Group, and measures on bribery. The Code is subject to review by the Board from time to time to ensure its adequacy and effectiveness. The Code was last updated following a review undertaken by the Board during the reporting year.

In March 2022, the Company has also adopted an anti-bribery and corruption policy (the "ABC Policy") to ensure compliance with applicable anti-bribery and corruption laws. The Group has zero tolerance for bribery and corruption in the conduct of its business and is committed to running its business with integrity and in an honest and ethical manner. The ABC Policy applies to all persons working for or on behalf of the Group, whether full-time or part-time, and sets out the steps for them to take to prevent bribery and corruption in our business and to comply with relevant legislation. The ABC Policy, together with the Group's Whistleblowing Policy (as defined below) and the Code, form part of our anti-bribery and corruption risk management framework. The Board is responsible for monitoring the ABC Policy regularly to ensure that it is being adhered to. The Company's Head of Group Legal and Compliance will report regularly to the Board on the Group's compliance with the ABC Policy.

During the reporting year, the Company has also adopted a whistleblowing policy (the "Whistleblowing Policy") in place of the previous policy for employees to raise concerns about improprieties in response to the amendments made to the Listing Rules effective 1 January 2022. The Whistleblowing Policy is for encouraging employees and those who deal with the Group to voice concerns, in confidence and anonymity, about possible improprieties in matters related to the Group and applies to employees at all levels and divisions of the Group and other stakeholders who might be victims of staff misconduct or malpractice, including business counterparts. The audit committee of the board of Directors (the "Audit Committee") has overall responsibility for the implementation and oversight of the Whistleblowing Policy, reviewing and investigation of reports, and consideration and approval of changes to the Whistleblowing Policy. Any employee or other stakeholder can raise their concern either in person or in writing with the immediate manager/supervisor concerned. If the whistleblower feels uncomfortable raising their concerns with the immediate manager/supervisor, they should report it directly to the Finance Director. For other stakeholders or if the report is extremely serious or in any way involves the Finance Director, the whistleblower should report it directly to the Chairman of the Audit Committee in writing. We will make every effort to keep identity of whistleblower confidential. The Audit Committee will evaluate every report received to decide if a full investigation is necessary. If an investigation is warranted, an internal investigator (with suitable seniority and without previous involvement in the matter) will be appointed to look into the matter. Where the report or internal inquiry discloses a possible criminal offence, the internal investigator will refer the matter to the Audit Committee. The Audit Committee, in consultation with the Company's legal advisers, will decide if the matter should be referred to the appropriate law enforcement agency for further action.

There were no legal cases regarding corrupt practices brought against the Group or its employees during the reporting year.

During the reporting year, the Group has provided our Directors and staff with reading and e-learning materials on topics relevant to anti-bribery and anti-corruption including updates on changes to and on the latest developments in the relevant laws/guidelines.

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

5.3 Community

5.3.1 Aspect B8: Community Investment

We are committed to engaging in the community in which we operate so as to understand their needs and to ensure our activities taking into consideration the interests of our communities. Social welfare, culture and environmental concern are our focus areas of contribution.

We make donations to various charitable organizations. During the reporting year, we had made a total of charitable contributions amounting to HK$11,000. We also encourage our staff to make personal donations to charities and participate in various charity events such as Dress Casual Day 2022 of The Community Chest, China Resources Building – Annual Recycling Programme 2022, CRB Red Packets Recycling Campaign 2022, CRB Chinese New Year Food Recycling Campaign, CRB Mooncake and Mooncake Box Recycling of Annual Recycling Program 2022 and CRB Blood Donation Campaign 2022.

During the year, the Group sponsored the "En Voyage with Claude Monet", the world premiere and long-awaited exclusive immersive experience of Claude Monet at Cultural Plaza, West Kowloon Cultural District. Making use of modern digital technologies as an instrument to reinterpret approximately 200 timeless masterpieces by the key figure of Impressionism, Claude Monet, audience are invited to rediscover these classical paintings as never before. Complementary tickets were offered to the charities. The sponsorship has allowed the Group to bring art to a wide diverse community. The Group actively supports various artists and art groups in the development and promotion of art, hoping to strengthen art's role as a cohesive force in Hong Kong and enhance the public's interest in art.

"En Voyage with Claude Monet" Cultural Plaza West Kowloon, Hong Kong

Our London office continues to support the local communities by organizing and participating in various charitable and event-based activities during the year.

The Leadenhall Building
Throughout 2022, a sustained increase in occupancy levels and changes to working from home mandates has allowed the London office portfolio to expand on its offering of enjoyable and inclusive events and initiatives.

Antidote Wellness Platform
The introduction of a bespoke wellness platform Antidote provided opportunities for collaborating with experts in exercise, nutrition, and wellbeing on a weekly basis. Regular success of these programs is reflected in sessions often being oversubscribed.

TLB Building APP
An increase in engaging content via digital channels such as the building APP and newsletters has allowed occupancy to be regularly informed of activities and events within the building but those within the local Eastern Cluster community as well. The APP currently has over 1700 users, a 34% year-on-year increase.

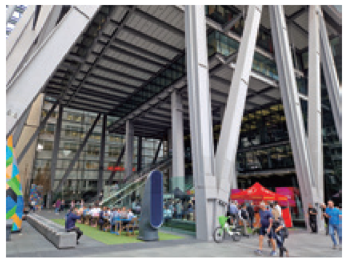
Sculpture in the City

Sculpture in the City (SITC)
In the 11th edition of SITC, "Generations (Part 2)" by Claudia Wieser was installed under the two escalators at The Leadenhall Building, weaving various narratives – fictive, biographical, historical – into a backdrop that functions like a stage, encouraging the viewer to consider his or her place in time. Additionally for 2022 a second piece titled "We" by Emma Smith, a neon text work was suspended within the public space. The piece highlights the precarious nature of relationship and the easy slippage between states of togetherness and isolation.

Eastern City ("EC") Partnership
On 16 February 2022, the business community voted overwhelmingly in favour of establishing a Business Improvement District ("BID") for the Eastern city cluster, an area typified by high rise office buildings and City of London institutions such as The Llyod's Building and Leadenhall Market. The bid will aim to unify the area and undertake cohesive improvements in close consultation with the City of London. In the ballot, of those businesses that voted, 78% voted YES. The turnout, which was over 40%, was well above the average for a first-time ballot.

TLB Public Survey
The public space is in the foreground of the iconic architecture that creates The Leadenhall Building and so a public survey was conducted in April 2022 to understand how the space could be best served to not only building occupiers but for the local community too. 65% of respondents agreed that increased enlivenment and biodiversity would be something they would like to see more of in this space.

Summer Social
A campaign aimed at welcoming back occupiers to the building after the summer holiday period of August and the return of further occupancy due to change in office working mandates. A networking initiative was derived as an extension to the weekly food markets activity, which included live music on at times outside of normal business hours complimented by additional seating. The campaign was the first phase in a larger objective to produce seasonal socials throughout the year, producing regular networking and community driven opportunities with the building occupancy.



Summer Social at The Leadenhall Building

Europe's tallest Escape Room
In June, the 38th floor was temporarily converted for 6 weeks into a bespoke escape room solely for the building occupiers, producing a unique aspect to the building community that broke up the monotony of every day office working. Introducing a fun, engaging team building activity developed with a specific narrative that encompassed the buildings architecture and history while highlighting its unique position within The City.

Guinness World Record
In March, Simon Kindleysides a man paralysed from the waist down completed the world's tallest stair climb in an exoskeleton. In doing so set a new Guinness World Record. The Group was happy to help facilitate this amazing achievement.

Everest Stair Climb
Alex Gibson ascended the steps of The Leadenhall Building a total of 42 times over an entire weekend in December to raise money for his charity Challenging MND. Totalling at over 8,880metres or the 'height of mount Everest' The incredible feat was made even more remarkable due to Alex currently suffering from motor neurone disease himself. The Group is delighted to help facilitate this extraordinary achievement.

Tour De City
The annual fundraising event for The Lord Mayor appeal was more popular that previously raising over £28,000 from the entry fees alone.

Tour De City

Simon Kindleysides record stair climb at The Leadenhall Building

Demelza
Supporting the community also included the notable charity fundraising for Demelza, hospice care for children. The annual 'Going the distance' walk from The Leadenhall Building to south London raised over £35,000.

One Kingdom Street
2022 saw the return of in person events at One Kingdom Street. These include, engaging incentives such as the Halloween Cookie event where occupiers were invited to choose their own cookie and decorate it to either enjoy at home or there and then!


Halloween at One Kingdom Street, October 2022

Following the success of the digital Spanish for Business classes that ran throughout lockdown, the classes returned and ran in person on Wednesday lunchtimes for occupiers. Due to the overwhelming success and feedback this event will continue into 2023.


Wreath Making Workshop at One Kingdom Street, December 2022

In the lead up to Christmas, we ran a free Christmas Wreath Workshop for occupiers. Whilst footfall was affected by a train strike, those in attendance made sure they could get into the office for the activity by driving to a tube station or cycling their usual commute.

Feedback from occupiers regarding what the activities mean to them is follows:–

1. "An opportunity to go to the office more often"
2. "It's an excellent benefit, especially with the ability to experiment with a new skill"
3. "It has been a really fantastic experience to be able to learn in my place of work and improve a skill whilst getting to know more people in the building".

Paddington Central Community fund
Round 1 of the Paddington Central Community Fund, of which the Group is a founding partner, provided £50,000 financial donations to five local community groups based in Westminster, who were all in need of support due to COVID-19 pandemic. This includes:–

1. Westminster Befriend a Family
2. Paddington Arts
3. Middle Eastern Women and Society Organisation
4. Hammersmith Community Gardens Association
5. Marylebone Bangladesh Society

Each group is currently using this funding to provide key support services to young people, older people and the homeless. In October 2022, funding partners met and heard first hand from representatives from each of the community group which created positive impact to the local community.

The Paddington Partnership
The Paddington Partnership is a voluntary group of the main developers and companies in Paddington, working to regenerate, promote and connect across the area. 2022 saw the completion of an adjacent project, See Paddington, providing better connections and wayfinding between Bishop's Bridge and Paddington Station's canalside entrance, to which the Group made separate contributions. The London office has been working closely with the partnership on drawing up proposal to improve the gateway to our One Kingdom Street asset at Paddington Central. Working with Westminster Council, Transport for London and Network Rail, the partnership has developed a series of proposals to improve the aesthetics at Bishop's Bridge, while successfully lobbying Westminster Council to take the lead on safety issues.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance. The Board considers that sound corporate management and governance practices are not only essential to the Company's healthy growth under all business environments, but also essential for the long-term success and sustainability of the Company's businesses. The Company is also committed to ensuring its affairs are conducted in accordance with high ethical standards to allow its Shareholders' interest can be maximized in the long-term and that its stakeholders, including employees, customers, suppliers, communities and investors can all benefit.

During the year, the Company has applied to its corporate governance structure and practices the principles of good corporate governance, and complied with the code provisions, under the CG Code.

BOARD OF DIRECTORS

Chaired by Mr. Cheung Chung Kiu, the Board currently consists of five executive directors and three independent non-executive directors[1]. Names and other biographical details of the members of the Board are set out under the heading of "Directors' Profile" on pages 4 to 5. The Board determines and keeps under review the objectives of the Group. It makes decisions on overall strategies and actions necessary for achieving these objectives, monitors and controls financial and operating performance, formulates appropriate policies, and identifies and ensures best practices of corporate governance. The current structure and composition of the Board have provided it with an appropriate mix of skills, knowledge, experience and diversity. The Board reviews its structure and composition from time to time to ensure that appropriate expertise and independence are maintained.

Note:

1. Mr. Leung Chun Cheong has resigned with effect from 18 April 2023. Dr. Wong Lung Tak Patrick will retire upon the conclusion of the AGM and a new independent non-executive director will be elected at the AGM.

Set out below are details of directors' attendance of meetings in 2022:

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

Each of the directors had attended all the regular board meetings during 2022. In addition to regular board meetings, the Board had convened four ad hoc meetings during 2022. Except Mr. Cheung Chung Kiu, who had attended two ad hoc meetings and had to recuse himself from the other two ad hoc meetings due to potential conflict of interest arising from his involvement in the subject matters discussed, all other directors had attended all the four ad hoc meetings.

During 2022, the independent non-executive directors have met once with the Chairman without the presence of the executive directors, to consider and discuss various matters in respect of the management and corporate governance of the Company.

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

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

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

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

During 2022, all directors have participated in continuous professional development to develop and refresh their knowledge and skills as listed company directors. They have provided the Company with their records of the training they received during the year. A summary of their training records is as follows:

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

CHAIRMAN AND MANAGING DIRECTOR

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

NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive directors an annual written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company has not received any notification from the independent non-executive directors that is required in case of any change in their personal particulars that may affect their independence during the year. The Board has assessed the independence of the independent non-executive directors based on their annual confirmation and considers all of them remaining independent having regard to the criteria under Rule 3.13 of the Listing Rules. All independent non-executive directors are appointed for a specific term of not more than three years from the date of appointment or re-election, and are subject to retirement by rotation at least once every three years.

BOARD COMMITTEES

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

AUDIT COMMITTEE

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

The Audit Committee has reviewed together with the management and independent auditors the accounting policies and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including reviewing the Group's consolidated results for the year ended 31 December 2022. When reviewing the Company's interim and annual reports, the Audit Committee has focused not only on the impact of the changes in accounting policies and practices, but also on the compliance with applicable accounting standards, the Listing Rules and relevant legal requirements. It has also reviewed the financial statements before submission to the Board.

The Audit Committee has reviewed with the management, among other matters, the risk management and internal control systems covering all material controls, including financial, operational and compliance controls and risk management functions and the arrangements for employees and other stakeholders to raise concerns in confidence about actual or suspected misconduct or malpractice by any staff and/or external parties in any matter related to the Group. On 30 November 2022, the Company adopted the Whistleblowing Policy in place of the Policy for Employees Raising Concerns about Improprieties. Further details of the Whistleblowing Policy are set out in the section headed "Environmental, Social and Governance Report" on pages 18 to 27. The Audit Committee has reviewed the engagement of independent auditors and the effectiveness of the audit process.

REMUNERATION COMMITTEE

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

The Remuneration Policy for executive directors of the Company is determined with reference to the Group's operating results, duties and level of responsibility of the executive directors and the prevailing market conditions which are reviewed annually in order to provide remuneration and compensation packages competitive to attract, retain and motivate high quality executives to serve the Group. The fee for non-executive directors is determined with reference to each of their duties and level of responsibility with the Company and is reviewed on an annual basis. Details of the directors' remuneration for 2022 are set out in note 9 to the financial statements on pages 79 to 80.

During 2022, the Remuneration Committee has assessed the performance of the executive directors, reviewed and discussed, among other matters, the remuneration packages (including the annual performance bonus policy) of the executive directors, the remuneration of the non-executive directors, the existing share option scheme, the retirement benefit scheme and the long-term incentive arrangement. It has also reviewed the Remuneration Policy and its implementation. Being given the delegated responsibility, the Remuneration Committee has determined the remuneration packages of the executive directors of the Company.

NOMINATION COMMITTEE

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

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

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

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

During 2022, the Nomination Committee has reviewed and discussed, among other matters, (i) the structure, size and composition including the skills, knowledge, experience and diversity of the Board; (ii) the independence of independent non-executive directors of the Board; (iii) the re-appointment of directors and succession planning for directors; (iv) the recommendation for re-election of retiring directors; and (v) the Nomination Policy and the Board Diversity Policy and their implementation.

CORPORATE GOVERNANCE FUNCTION

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

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

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

During 2022, members of the Board have reviewed and discussed, among other things, the Company's policies and practices on corporate governance at regular board meetings. They have also reviewed and monitored the training and continuous professional development of directors, and the Company's policies and practices on compliance with legal and regulatory requirements as well as its disclosure in the Corporate Governance Report. The Board has reviewed the code of conduct applicable to employees and directors setting out the standards of behaviour that the Company expects from them and the guidelines on how they should handle different situations in business dealings with the Group. The Board has approved the adoption of the Anti-bribery and Corruption Policy and the Whistleblowing Policy in March 2022 and November 2022 respectively.

BOARD INDEPENDENCE

The Board recognizes that board independence is critical to good corporate governance and considers that the Company's governance framework has adequate mechanisms to ensure that independent views and inputs are available to the Board. Key features of the mechanisms that facilitate effective communications and bring alternate views to the decision-making process include the following:

1. The roles of Chairman and Managing Director are separate.
2. The Nomination Committee is responsible for the nomination of directors. When evaluating an individual for nomination or appointment as director, the Nomination Committee takes into account all criteria pursuant to the Company's Nomination Policy as set out above.
3. All independent non-executive directors are appointed for a specific term of not more than three years from the date of appointment or re-election, and are subject to retirement by rotation at least once every three years. Further appointment of any independent non-executive director who has served more than nine years shall be subject to a separate resolution to be approved by shareholders, and if all independent non-executive directors have served more than nine years, a new independent non-executive director has to be appointed at the forthcoming annual general meeting effective for the financial year commencing from 1 January 2023.
4. The Board comprises three independent non-executive directors, who are independent of and unrelated to each other and any of the executive directors. The majority (if not all) of the members of all governance related committees of the Board are independent non-executive directors. Independence of independent non-executive directors is assessed prior to their appointment and annually by the Nomination Committee. Every member of the Nomination Committee has to abstain from assessing his own independence. Each independent non-executive director is also required to inform the Company as soon as practicable if there is any change in his personal particulars that may affect his independence.
5. The Nomination Committee also reviews annually the time commitment and contribution of all directors including independent non-executive directors for performance of their responsibilities.
6. All directors have access to the services of the Company Secretary and her team, and may take independent professional advice upon request, at the Company's expense for proper discharge of their responsibilities.
7. Evaluation of the above mechanisms forms part of the Board's ongoing evaluation of its performance to ensure their effectiveness.

COMPANY SECRETARY

The Company Secretary has undertaken not less than 15 hours of relevant professional training during 2022.

DIRECTORS' SECURITIES TRANSACTIONS

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

AUDITORS' REMUNERATION AND AUDITORS RELATED MATTERS

During 2022, the remuneration paid/payable to the Company's independent auditors, Messrs. Ernst & Young amounted to a total of HK$7,903,700 of which HK$6,100,000 was for audit services and HK$1,803,700 for non-audit services including agreed-upon procedures on the interim financial report and preliminary annual result announcement, review and report on the financial information and tax services.

DIVERSITY

The Company has adopted a Board Diversity Policy setting out the approach to achieve a diverse Board. Taking into account factors including the size of the Board, its composition of executive and non-executive directors, and the Company's principal activities and needs, election of candidates shall be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The Company is aware that diversity is now not considered to be achieved for a single gender board. Accordingly, the Company is taking appropriate steps to achieve gender diversity by appointing at least a director of a different gender who genuinely possesses the necessary skills, experience and caliber appropriate to the Group's business no later than 31 December 2024.

Further details on the gender ratio in workforce of the Group and initiatives taken to improve gender diversity across senior management and the wider workforce, together with relevant data are set out in the section headed "Environmental, Social and Governance Report" on pages 18 to 27.

SHAREHOLDERS' RIGHTS

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

1. Convening special general meeting

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

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

2. Putting forward proposals at shareholders' meetings

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

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

A valid requisition may be made by either:

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

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

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

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

3. Proposing a person for election as director

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

4. Sending enquiries to the Board

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

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

We are committed to protecting individual's privacy and personal data. By providing any personal data to us through mail, email or telephone, the data provider is deemed to be consenting to our use of his/her personal data. The personal data collected is used to respond to enquiries received. All personal data will not be used for any other purposes without the data provider's consent, unless such use is permitted or required by law.

INVESTOR RELATIONS

The Company's constitutional documents are made available on the Company's website in the section of "Corporate Governance" under the column of "Corporate Disclosure" and on the Stock Exchange's website. During the year, there was no significant change in them save for certain provisions in the Bye-laws which were amended, among others, to provide flexibility to the Company in relation to the conduct of general meetings via electronic means, to bring the Bye-Laws in line with latest changes to the Listing Rules, and to make other consequential and housekeeping amendments. Details of the amendments have been disclosed in the Company's circular dated 13 April 2022.

The Company has adopted a Shareholders Communication Policy. The use and effectiveness of such policy are monitored and reviewed regularly by the Board. The Company recognises the importance of shareholders' privacy and therefore will not disclose shareholders' personal data without their consent, unless required by law to do so. To achieve equal access to information on the Company's latest major developments, measures have been taken to ensure all necessary information and appropriate updates are made available to investors in a timely manner through the Company's website. In addition to financial reports, all announcements and circulars of the Company including results announcements, notices of general meetings and associated explanatory documents released by the Company to the Stock Exchange are posted on the Company's website under the column of "Corporate Disclosure". Other information such as presentation materials and press releases to be issued to shareholders and potential investors of the Company will also be made available on the Company's website. Shareholders should direct their questions about their shareholdings to the Company's share registrars in Hong Kong. For enquiry about the information of the Company, shareholders may contact our Head of Investor Relations, whose contact details are set out under the heading of "Sending enquiries to the Board" above. Shareholders are encouraged to participate in the Company's general meetings where members of the Board will be available to answer their questions. During 2022, the Board has reviewed and is satisfied with the implementation and effectiveness of the Shareholders Communication Policy.

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

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

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

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

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

DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

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

The statement of the independent auditors of the Company, Messrs. Ernst & Young, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 42 to 44.

Directors' Report

The Directors present their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2022 and the Group's financial position at that date are set out in the financial statements on pages 45 to 121.

The Directors recommend the payment of a final dividend of HK$0.02 per ordinary share in respect of the year to the shareholders on the Company's register of members at the close of business on 31 May 2023.

SUMMARY FINANCIAL INFORMATION

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

BUSINESS REVIEW

A fair review of the business of the Group during the year and a description of possible risks and uncertainties facing the Group are set out in Chairman's Statement on pages 6 to 7 and Management Discussion and Analysis on pages 8 to 16 respectively. An indication of the likely future development in the Group's business is set out in the Chairman's Statement on pages 6 to 7 and Management Discussion and Analysis on pages 8 to 16 respectively. An analysis of the Group's performance during the year using financial key performance indicators is set out in the Financial Highlights on page 3 and the Five-Year Financial Summary on page 122. Discussions on the Group's environmental policies and performance, the Group's compliance with the relevant laws and regulations that have a significant impact on the Group, and an account of the Group's key relationships with its employees, customers and suppliers and others that have a significant impact on the Group and on which the Group's success depends are set out in Management Discussion and Analysis on pages 8 to 16, Environmental, Social and Governance Report on pages 18 to 27, Corporate Governance Report on pages 28 to 35 and "Major Customers and Suppliers" of this Directors' Report on page 37.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 29 to the financial statements.

PRE-EMPTIVE RIGHTS

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

PERMITTED INDEMNITY

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

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

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

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 40 to the financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2022, the Company's reserves available for distribution to shareholders, calculated in accordance with the Companies Act, amounted to HK$725,689,000, of which HK$77,647,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account in the amount of HK$11,977,078,000 may be distributed in the form of fully paid bonus shares.

CHARITABLE CONTRIBUTIONS

During the year, the Group had made charitable contributions amounting to HK$11,000.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, revenue from the Group's five largest customers accounted for 61% of the Group's revenue and revenue from the largest customer included therein amounted to 19%. There was no purchase from suppliers by the Group during the year.

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

A discussion on our supply chain management relating to social and environmental performance was set out in "Environmental, Social and Governance Report" on pages 18 to 27.

DIRECTORS

The Directors during the year and for the period from 1 January 2023 to the date of this report were as follows:

Executive directors:

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

Independent non-executive directors:

Mr. Lam Kin Fung Jeffrey
Mr. Leung Yu Ming Steven
Dr. Wong Lung Tak Patrick

In accordance with Bye-law 87 of the Bye-laws, Dr. Lam How Mun Peter and Mr. Leung Wai Fai, both Executive Directors, and Dr. Wong Lung Tak Patrick, Independent Non-Executive Director, shall retire by rotation at the AGM. Dr. Wong Lung Tak Patrick has indicated to the Company that he will not offer himself for re-election at the AGM and will therefore retire upon the conclusion of the AGM whereas Dr. Lam How Mun Peter and Mr. Leung Wai Fai, being eligible, have offered themselves for re-election at the AGM. All other Directors (except Mr. Leung Chun Cheong who has tendered his resignation with effect from 18 April 2023) will continue to be in office.

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

DIRECTORS' BIOGRAPHIES

The Company has received the following notifications from Directors relating to the changes in their information:

Dr. Wong Lung Tak Patrick has since 24 November 2022 ceased to be an Independent Non-executive Director of Sino Oil and Gas Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 702).

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

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

MANAGEMENT CONTRACTS

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

REMUNERATION DETAILS

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

REMUNERATION POLICY

The remuneration policy for employees of the Group is formulated based on the merit, qualifications, performance and competence of individual employee which are reviewed regularly in order to provide competitive compensation packages at market rates sufficient to reward satisfactory performance and attract, retain and motivate employees. The Company has adopted share option scheme as a long-term incentive to eligible employees and directors to recognize and reward their contribution to the Group, details of which are set out in note 31 to the financial statements. Remuneration policy for Directors is set out in Corporate Governance Report on pages 28 to 35.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 31 December 2022, details of the interests and short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

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

Name of directors	Capacity in which interests are held	Number of shares held	Approximate percentage[4]
Cheung Chung Kiu	Interest of controlled corporation	2,871,231,906[1]	73.96
Lam How Mun Peter	Beneficial owner	486,753	0.01
Leung Chun Cheong	Beneficial owner	667,000	0.02

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

(i) Shares

Name of director	Name of associated corporation	Capacity in which interests are held	Number of shares held	Approximate percentage[4]
Cheung Chung Kiu	The Cross-Harbour Holdings Limited ("CHH") (stock code: 32)	Interest of controlled corporation	271,616,585[2]	72.88
Cheung Chung Kiu	Instant Glory International Limited	Interest of controlled corporation	1[3]	50

(ii) Debentures

Name of director	Name of associated corporation	Capacity in which interests are held	Amount of debentures held	Amount of debentures in same class in issue
Cheung Chung Kiu	Perfect Point Ventures Limited	Beneficial owner	US$124,000,000	US$300,000,000
Lam How Mun Peter	Perfect Point Ventures Limited	Beneficial owner	US$1,000,000	US$300,000,000

Notes:

1. Such Shares were held directly by Fame Seeker Holdings Limited, which was wholly-owned by Windsor Dynasty Limited ("Windsor Dynasty"), which was in turn wholly-owned by Cheung Chung Kiu ("Mr. Cheung").
2. Such Shares were held directly by Rose Dynamics Limited, which was wholly-owned by Windsor Dynasty.
3. Such Share was held directly by Victory Trend Holdings Limited, which was wholly-owned by Mr. Cheung.
4. Approximate percentage refers to the aggregate interests of a director in the shares of such company expressed as a percentage (rounded to two decimal places) of the issued share capital of such company as at 31 December 2022.

Save as disclosed above, as at 31 December 2022, the Company had not been notified of any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Directors' and Chief Executive's Interests and Short Positions" above and "Share Options" below, and in the share option scheme disclosures set out in note 31 to the financial statements, at no time during the year was the Company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or any of their associates, had any rights to subscribe for shares of the Company, or had exercised any such rights during the year.

SHARE OPTIONS

On 21 May 2015, the Company adopted a share option scheme ("2015 Scheme"), details of which were disclosed in the Company's circular dated 16 April 2015 and are set out in note 31 to the financial statements. No share options have been granted under the 2015 Scheme since its adoption and up to 31 December 2022.

EQUITY-LINKED AGREEMENTS

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

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 31 December 2022, details of the interests and short positions of every person, other than directors or the chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity in which interests are held	Number of shares held	Approximate percentage [2]
Windsor Dynasty	Interest of controlled corporation	2,871,231,906 [1]	73.96

Notes:

1. Please refer to Note 1 to the paragraph "Interests in shares of the Company (long positions)" of the section headed "Directors' and Chief Executive's Interests and Short Positions" above.
2. Approximate percentage refers to the aggregate interest which the shareholder held or had short positions in the shares of the Company expressed as a percentage (rounded to two decimal places) of the issued share capital of the Company as at 31 December 2022.
3. All of the interests disclosed above represent long positions.

Save as disclosed above, as at 31 December 2022, the Company had not been notified of any interests or short positions of any other person, other than directors or the chief executive of the Company, in the shares or underlying shares of the Company required to be recorded in the register kept by the Company under Section 336 of the SFO.

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

As at 31 December 2022, Mr. Cheung in his personal capacity had interests in certain private companies directly or indirectly owned by him and engaged in property investment, development and management services businesses. As such, Mr. Cheung is regarded as being interested in a business which may compete with the business of the Group.

All of the Directors are aware of the fiduciary duties owed by them to the Company and that they must, in the performance of their duties as directors, avoid actual and potential conflicts of interest and duty, and not to profit themselves to the detriment of the Company. Further, there are provisions in the Bye-laws prohibiting a Director from voting, or being counted in the quorum, on any resolution of the Board approving any contract or arrangement or any other proposal in which the Director or any of his/her close associate(s) is materially interested in except for certain permitted matters. As disclosed in the section headed "Corporate Governance Report", the Board also recognizes that board independence is critical to good corporate governance and considers that the Company's governance framework has adequate mechanisms to ensure that independent views and inputs are available to the Board. The Directors are therefore of the view that the Company is capable of carrying on the Group's business independently of, and at arm's length from, such business in which Mr. Cheung is regarded as being interested and which may compete with the business of the Group.

RELATED PARTY TRANSACTIONS

During the year, the Group entered into certain transactions with parties regarded as "related parties" under the applicable accounting principles. Details of these transactions are set out in note 36 to financial statements.

DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES

As disclosed by the Company in its announcement dated 16 September 2021 (the "Announcement"), Relevant Advance amounting to approximately HK$4,624,003,000 had been made by the Group to the JV Group on 16 September 2021 on an interest-free and unsecured basis with no fixed repayment term in support of the obligations of the obligors (all being members of the JV Group).

As at 31 December 2022, such Relevant Advance made by the Group to the JV Group continued to exceed 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules for the Company, and were on an interest-free and unsecured basis with no fixed repayment term as set out below:

	HK$'000
Shareholder's loan	1,533,292
Guarantee given for the outstanding payment in connection with the acquisition of the Project by the JV Group	46,978
Guarantee and loan financing undertaking in connection with banking facilities granted to the JV Group	1,656,470
Total amount	3,236,740

Note: All capitalized terms used in this section have the same meanings ascribed to them in the Announcement.

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

On 3 October 2022, the Company was granted a 42-month term loan facility for an aggregate amount of HK$1,350,000,000 as may be increased pursuant to an accordion option to an aggregate amount not exceeding HK$3,000,000,000 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. On and at any time after the occurrence of an event of default which is continuing, (i) each available commitment of each lender under the Facility Agreement may immediately be cancelled and the Facility shall immediately cease to be available for further utilization, or any part of any commitment of the lenders under the Facility Agreement may immediately be cancelled and the relevant commitment of the lenders under the Facility Agreement shall immediately be reduced, and/or (ii) all or part of the Loans, 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 (iii) all or part of the Loans may immediately 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$11,114,321,000 which represented approximately 42.4% of the Group's total assets as at 31 December 2022.

In accordance with the requirement under Rule 13.22 of the Listing Rules, the pro forma combined balance sheet of those affiliated companies as at 31 December 2022 is presented below:

	Combined balance sheet HK$'000
Non-current assets	5,205,978
Current assets	38,383,461
Current liabilities	(14,605,878)
Non-current liabilities	(6,113,523)
Net assets	22,870,038
Share capital	7
Reserves	22,865,830
Non-controlling interests	4,201
Total Equity	22,870,038

As at 31 December 2022, the consolidated attributable interest of the Group in these affiliated companies amounted to HK$9,089,933,000.

SUFFICIENCY OF PUBLIC FLOAT

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

INDEPENDENT AUDITORS

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

On behalf of the Board

Cheung Chung Kiu
Chairman

Hong Kong, 24 March 2023

EY 安永

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

OPINION

We have audited the consolidated financial statements of C C Land Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 45 to 121, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

Key audit matter	How our audit addressed the key audit matter
Valuations of investment properties	
As at 31 December 2022, the Group's investment properties amounted to HK$12,149,321,000 and were measured at fair value. The fair values of the investment properties were determined based on the valuations performed by a professional external valuer. Significant estimation is required to determine the fair values of investment properties, which reflect the market conditions at the end of the reporting period. Management engaged an external valuer to perform valuations on these investment properties at the end of the reporting period and in the absence of current prices in an active market for similar properties, the external valuer considered information from a variety of sources such as the estimated rental value of the relevant properties and made assumptions about the equivalent yield. The accounting estimates and disclosures of the valuations of investment properties are included in notes 3 and 15 to the consolidated financial statements, respectively.	Our audit procedures to assess the valuations of investment properties included the following: • obtaining and reviewing the valuation reports prepared by the external valuer engaged by the Group; • assessing the external valuer's qualifications, experience and expertise and considering its objectivity and independence; • involving our internal valuation specialists to assist us in assessing the valuation methodologies applied and the key parameters and estimates including the estimated rental value and equivalent yield adopted in the valuations; • comparing property-related data used as inputs for the valuations with underlying lease agreements and related documentation; and • assessing the adequacy of the disclosures of the valuations of the investment properties in the consolidated financial statements.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on amounts due from associates included in prepayments, deposits and other receivables	
As at 31 December 2022, the Group had amounts due from associates included in prepayments, deposits and other receivables, before impairment allowance, totalling HK$1,254,155,000. Impairment allowance provided for the amounts due from associates as at 31 December 2022 amounted to HK$1,031,761,000. Significant management estimates are required in determining the impairment losses for the amounts due from associates under the expected credit loss model in accordance with HKFRS 9 *Financial Instruments* ("HKFRS 9"). Management applied the general approach in calculating the expected credit losses under HKFRS 9 for the amounts due from associates and engaged an external valuer to assess the credit risk of each associate and prepare the expected credit loss calculations. The external valuer has also made various assumptions, which involved forward-looking information and expected future cash flows, in assessing the expected credit losses. The accounting estimates and disclosures of the Group's amounts due from associates are included in notes 3 and 22 to the consolidated financial statements, respectively.	Our audit procedures to assess the impairment assessment of the amounts due from associates included the following: • reviewing the background information and repayment capability of the associates; • obtaining and reviewing the expected credit loss calculations prepared by the external valuer engaged by the Group; • assessing the external valuer's qualifications, experience and expertise and considering its objectivity and independence; • involving our internal valuation specialists to assist us in assessing the methodologies applied and the key parameters and estimates adopted in the expected credit loss calculations; and • comparing the details of the amounts due from associates used as inputs for the expected credit loss calculations with underlying documentation, such as loan agreements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

24 March 2023

Consolidated Statement of Profit or Loss

Year ended 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
REVENUE:			
Interest income	5	**2,060**	87,113
Revenue from other sources	5	**496,308**	560,938
Total revenue		**498,368**	648,051
Cost of services provided		**(24,044)**	(20,672)
Gross profit		**474,324**	627,379
Other income and gains, net	5	**99,683**	324,424
Administrative expenses		**(342,996)**	(384,261)
Impairment losses on financial assets, net	8	**(979,775)**	(35,629)
Other expenses	6	**(1,636,027)**	(408,992)
Finance costs	7	**(429,663)**	(415,523)
Share of profits and losses of:			
Joint ventures		**949,813**	202,269
Associates		**(41,088)**	(2,720)
LOSS BEFORE TAX	8	**(1,905,729)**	(93,053)
Income tax credit/(expense)	11	**(34,612)**	583,132
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		**(1,940,341)**	490,079
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic and diluted		**HK(49.98) cents**	HK12.62 cents

Consolidated Statement of Comprehensive Income

Year ended 31 December 2022

	2022 HK$'000	2021 HK$'000
PROFIT/(LOSS) FOR THE YEAR	**(1,940,341)**	490,079
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	**–**	(113,124)
Reclassification adjustment for gains/losses included in the consolidated statement of profit or loss		
– reversal of impairment losses	**–**	(10,688)
– loss on redemption/disposal	**–**	123,983
	–	171
Cash flow hedge:		
Effective portion of changes in fair value of hedging instruments arising during the year	**113,387**	–
Exchange differences on translation of foreign operations	**(1,641,787)**	(59,840)
Share of other comprehensive loss of joint ventures	**(16,651)**	(14,819)
Share of other comprehensive income of associates	**14,140**	8,337
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(1,530,911)**	(66,151)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Equity investments at fair value through other comprehensive income:		
Changes in fair value	**–**	(2,320,131)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**–**	(2,320,131)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	**(1,530,911)**	(2,386,282)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	**(3,471,252)**	(1,896,203)

Consolidated Statement of Financial Position

31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS			
Property and equipment	14	**170,521**	177,527
Investment properties	15	**12,149,321**	15,239,280
Golf club membership		**10,540**	10,540
Investments in joint ventures	17	**8,601,789**	7,254,252
Investments in associates	18	**1,746,271**	1,420,141
Prepayments, deposits and other receivables	22	**4,559**	814,008
Derivative financial instruments	25	**131,452**	–
Deferred tax assets	28	**–**	8,766
Total non-current assets		**22,814,453**	24,924,514
CURRENT ASSETS			
Trade receivables	20	**9,120**	21,690
Loans and interest receivables	21	**–**	51,417
Prepayments, deposits and other receivables	22	**260,852**	586,955
Financial assets at fair value through profit or loss	19	**1,199,420**	1,351,248
Prepaid income tax		**3,417**	6,406
Pledged deposits	23	**23,507**	574,581
Restricted bank balances	23	**140,857**	88,202
Cash and cash equivalents	23	**1,745,403**	4,357,747
Total current assets		**3,382,576**	7,038,246
CURRENT LIABILITIES			
Other payables and accruals	24	**466,694**	392,932
Derivative financial instruments	25	**–**	16,766
Interest-bearing bank and other borrowings	26	**188,017**	9,214,290
Tax payable		**90,497**	97,544
Total current liabilities		**745,208**	9,721,532
NET CURRENT ASSETS/(LIABILITIES)		**2,637,368**	(2,683,286)
TOTAL ASSETS LESS CURRENT LIABILITIES		**25,451,821**	22,241,228
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	26	**8,218,875**	1,488,680
Notes payable	27	**2,313,014**	2,308,613
Other payables	24	**28,408**	3,512
Total non-current liabilities		**10,560,297**	3,800,805
Net assets		**14,891,524**	18,440,423
EQUITY			
Issued capital	29	**388,233**	388,233
Reserves	30	**14,503,291**	18,052,190
Total equity		**14,891,524**	18,440,423

Cheung Chung Kiu
Director

Lam How Mun Peter
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2022

	Attributable to ordinary equity holders of the Company							
	Issued capital HK$'000	Share premium account HK$'000	Exchange fluctuation reserve** HK$'000	Cash flow hedge reserve HK$'000	Fair value reserve (recycling) HK$'000	Fair value reserve (non-recycling) HK$'000	Retained profits HK$'000	Total equity HK$'000
At 1 January 2021	388,233	11,977,078	607,342	(13,540)	(171)	2,343,961	5,111,370	20,414,273
Profit for the year	–	–	–	–	–	–	490,079	490,079
Other comprehensive income/(loss) for the year:								
Debt investments at fair value through other comprehensive income:								
Changes in fair value	–	–	–	–	(113,124)	–	–	(113,124)
Reclassification adjustment for gains/losses included in the consolidated statement of profit or loss								
– reversal of impairment losses	–	–	–	–	(10,688)	–	–	(10,688)
– loss on redemption/disposal	–	–	–	–	123,983	–	–	123,983
Equity investments at fair value through other comprehensive income:								
Changes in fair value	–	–	–	–	–	(2,320,131)	–	(2,320,131)
Share of other comprehensive loss of joint ventures	–	–	(14,819)	–	–	–	–	(14,819)
Share of other comprehensive income of associates	–	–	–	8,337	–	–	–	8,337
Exchange differences:								
Translation of foreign operations	–	–	(59,840)	–	–	–	–	(59,840)
Total comprehensive income/(loss) for the year	–	–	(74,659)	8,337	171	(2,320,131)	490,079	(1,896,203)
Final 2020 dividend approved	–	–	–	–	–	–	(77,647)	(77,647)
Reclassification adjustment for a gain on disposal of equity investments at fair value through other comprehensive income	–	–	–	–	–	(23,830)	23,830	–
At 31 December 2021	388,233	11,977,078	532,683	(5,203)	–	–	5,547,632	18,440,423

	Attributable to ordinary equity holders of the Company					
	Issued capital HK$'000	**Share premium account HK$'000**	**Exchange fluctuation reserve** HK$'000**	**Cash flow hedge reserve HK$'000**	**Retained profits HK$'000**	**Total equity HK$'000**
At 1 January 2022	**388,233**	**11,977,078***	**532,683***	**(5,203)***	**5,547,632***	**18,440,423**
Loss for the year	**–**	**–**	**–**	**–**	**(1,940,341)**	**(1,940,341)**
Other comprehensive income/(loss) for the year:						
Cash flow hedge:						
Changes in fair value of hedging instruments arising during the year	**–**	**–**	**–**	**113,387**	**–**	**113,387**
Share of other comprehensive loss of joint ventures	**–**	**–**	**(16,651)**	**–**	**–**	**(16,651)**
Share of other comprehensive income of associates	**–**	**–**	**–**	**14,140**	**–**	**14,140**
Exchange differences:						
Translation of foreign operations	**–**	**–**	**(1,641,787)**	**–**	**–**	**(1,641,787)**
Total comprehensive income/(loss) for the year	**–**	**–**	**(1,658,438)**	**127,527**	**(1,940,341)**	**(3,471,252)**
Final 2021 dividend approved	**–**	**–**	**–**	**–**	**(77,647)**	**(77,647)**
At 31 December 2022	**388,233**	**11,977,078***	**(1,125,755)***	**122,324***	**3,529,644***	**14,891,524**

* These reserve accounts comprise the consolidated reserves of HK$14,503,291,000 (2021: HK$18,052,190,000) in the consolidated statement of financial position.

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

	Notes	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(1,905,729)**	(93,053)
Adjustments for:			
Depreciation of owned assets	8	**39,433**	39,845
Depreciation of right-of-use assets	8	**15,047**	20,961
Impairment losses on financial assets, net	8	**979,775**	35,629
Finance costs	7	**429,663**	415,523
Share of profits and losses of joint ventures		**(949,813)**	(202,269)
Share of profits and losses of associates		**41,088**	2,720
Interest income from debt investments	5	**–**	(68,961)
Interest income from loans receivable	5	**(2,060)**	(18,152)
Interest income from amounts due from associates	5	**(27,805)**	(124,990)
Interest income from an amount due from a joint venture	5	**(896)**	–
Dividend income from listed equity investments	5	**(1,707)**	(1,908)
Dividend income from unlisted fund investments	5	**–**	(46,986)
Bank interest income	5	**(12,113)**	(9,215)
Fair value gains on derivative financial instruments – transactions not qualifying as hedges	5	**(34,666)**	(66,671)
Fair value losses/(gains) on investment properties, net	15	**1,443,335**	(27,238)
Loss on redemption/disposal of debt investments at fair value through other comprehensive income	6	**–**	123,983
Losses on disposal of financial assets at fair value through profit or loss, net	6	**3,592**	105,223
Fair value losses on financial assets at fair value through profit or loss, net	6	**140,486**	179,786
Gain on disposal of items of property and equipment	5	**(178)**	–
Gain on disposal of a subsidiary	5	**–**	(60,925)
Gains on disposal of joint ventures	5	**(16)**	(6,184)
Gain on disposal of an associate	5	**(23,549)**	–
Lease incentives	15	**7,330**	67,245
		141,217	264,363
Decrease/(increase) in trade receivables		**10,503**	(8,315)
Decrease in loans and interest receivables		**47,220**	261,934
Decrease/(increase) in prepayments, deposits and other receivables		**(36,285)**	76,000
Decrease/(increase) in restricted bank balances		**(63,760)**	107,414
Increase/(decrease) in other payables and accruals		**44,692**	(68,151)
Cash generated from operations		**143,587**	633,245
Interest received		**5,320**	90,369
Dividends received		**1,707**	48,894
Tax paid, net		**(22,747)**	(93,783)
Interest paid		**(354,745)**	(337,754)
Net cash flows from/(used in) operating activities		**(226,878)**	340,971

Consolidated Statement of Cash Flows

Year ended 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
Net cash flows from/(used in) operating activities		**(226,878)**	340,971
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of a subsidiary	32	**–**	72,000
Investments in joint ventures		**(1,222,778)**	(2,490,092)
Advance from a joint venture		**34,206**	–
Return of capital from joint ventures		**–**	4,544
Repayment of an amount due from a joint venture		**–**	237,359
Repayment of amounts due from associates		**68,203**	1,018,633
Investments in associates		**(356,254)**	(963,809)
Return of capital from associates		**–**	68,047
Advance to associates		**–**	(1,417,736)
Decrease/(increase) in pledged deposits		**548,240**	(548,240)
Purchases of items of property and equipment	14	**(4,396)**	(450)
Purchases of financial assets at fair value through profit or loss		**–**	(21,029)
Interest received from bank deposits		**11,482**	9,215
Proceeds from disposal of items of property and equipment		**189**	–
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		**–**	205,042
Proceeds from redemption/disposal of debt investments at fair value through other comprehensive income		**–**	1,189,642
Proceeds from disposal of financial assets at fair value through profit or loss		**7,750**	608,280
Proceeds from settlement of derivative financial instruments		**–**	4,803
Net cash flows used in investing activities		**(913,358)**	(2,023,791)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of notes payable	27	**–**	2,307,371
Redemption of notes payable		**–**	(1,937,500)
Principal portion of lease payments		**(13,373)**	(16,173)
Dividends paid		**(77,647)**	(77,647)
New bank and other borrowings		**1,247,117**	1,824,439
Repayment of bank and other borrowings		**(2,607,638)**	(1,593,795)
Net cash flows from/(used in) financing activities		**(1,451,541)**	506,695
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(2,591,777)**	(1,176,125)
Cash and cash equivalents at beginning of year		**4,357,747**	5,528,650
Effect of foreign exchange rate changes, net		**(20,567)**	5,222
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,745,403**	4,357,747
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**415,846**	4,357,747
Non-pledged time deposits with original maturity of less than three months when acquired		**1,329,557**	–
Cash and cash equivalents as stated in the consolidated statement of cash flows		**1,745,403**	4,357,747

1. CORPORATE AND GROUP INFORMATION

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

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

(i) property development and investment; and

(ii) treasury investment.

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

Information about subsidiaries

Particulars of the Company's principal subsidiaries as at 31 December 2022 are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
C C Land Finance Limited	Hong Kong	Ordinary HK$2	100	Money lending
C C Land Management Limited	Hong Kong	Ordinary HK$1	100	Corporate management
C C Land Portfolio Inc.#	BVI	Ordinary US$1	100	Treasury investment
Classical Noble Limited#	BVI	Ordinary US$1	100	Investment holding
Fortune Point Holdings Limited####	BVI/United Kingdom	Ordinary US$1	100	Property investment
Fortune Sail International Limited####	BVI/United Kingdom	Ordinary US$1	100	Property investment
Green Charm Investments Limited#/####	BVI	Ordinary US$1	100	Investment holding
Join Wise Enterprises Limited	Hong Kong	Ordinary HK$1	100	Treasury management
Marvel Leader Investments Limited ("Marvel Leader")#	BVI	Ordinary US$50,000	100	Investment holding
Massive Vast Group Limited#	BVI	Ordinary US$1	100	Investment holding
Mega Star International Investment Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Mighty Gain Enterprises Limited ("Mighty Gain")#	BVI	Ordinary US$1	100	Investment holding

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2022 are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Modern Hero Global Limited#	BVI	Ordinary US$1	100	Investment holding
Perfect Point Ventures Limited#	BVI	Ordinary US$1	100	Treasury management
Profit Vast Investment Limited	Hong Kong	Ordinary HK$1	100	Treasury investment
Rapid Joy Limited#	BVI	Ordinary US$1	100	Investment holding
Season Fit Limited#	BVI	Ordinary US$1	100	Investment holding
Smart Harmony Developments Limited#	BVI	Ordinary US$1	100	Investment holding
Universal Mission Limited#	BVI	Ordinary US$1	100	Investment holding
Wealth Castle Holdings Limited#	BVI	Ordinary US$1	100	Investment holding
Win Mount Development Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Worthwell Investments Limited	BVI/Hong Kong	Ordinary US$50,000	100	Treasury investment
Sichuan Zhong Yu Real Estate Company Limited*/## (四川中渝置地有限公司)	The People's Republic of China ("PRC")/ Mainland China	Registered US$15,000,000	100	Property development and investment
Tibet Huixing Yuejing Corporate Management Services Limited*/### (西藏滙星悅景企業管理服務有限公司)	PRC/Mainland China	Registered RMB20,000,000	100	Investment holding and management

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

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

\### This company is registered as a limited liability company under PRC law.

\#### At 31 December 2022, the equity interests of these companies were pledged to certain banks to secure bank borrowings of HK$6,949,403,000 (2021: HK$8,079,587,000) granted to the Group (note 26(d)).

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

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

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

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

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

HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

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

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion
5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023
6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

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

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

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates and joint ventures *(continued)*

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

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

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

Business combinations and goodwill

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill *(continued)*

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

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

Fair value measurement

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

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

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

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

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets *(continued)*

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

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

Related parties

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

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

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

or

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

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property and equipment and depreciation

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and equipment and depreciation *(continued)*

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

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

Owned assets

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

Right-of-use assets

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

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

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

Investment properties

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

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

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

Golf club membership

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases

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

Group as a lessee

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

(a) *Right-of-use assets*

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

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

(b) *Lease liabilities*

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessor

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

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Subsequent measurement *(continued)*

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

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

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

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

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

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

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

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition of financial assets *(continued)*

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

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

Impairment of financial assets

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

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	–	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

Simplified approach

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or as payables, as appropriate.

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Subsequent measurement *(continued)*

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derivative financial instruments and hedge accounting *(continued)*

Initial recognition and subsequent measurement *(continued)*

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

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

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

Cash flow hedges

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

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

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

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

Hedges of a net investment

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

Current versus non-current classification

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derivative financial instruments and hedge accounting *(continued)*

Current versus non-current classification *(continued)*

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Cash and cash equivalents

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

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

Provisions

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

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

Income tax

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

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

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

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

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

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

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

Government grants

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

Revenue recognition

Revenue from contracts with customers

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Interest income

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

Revenue from other sources

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

(ii) Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably; and

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

Share-based payments

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

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Other employee benefits

Pension schemes

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

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

Termination benefits

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

Borrowing costs

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

Dividends

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

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

Foreign currencies

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Estimation uncertainty

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

Estimation of fair value of investment properties

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Impairment assessment of amounts due from associates included in prepayments, deposits and other receivables

The measurement of impairment losses under HKFRS 9 requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, such as risks of default, losses given default and collateral recovery, changes in which can result in different levels of allowances.

The Group's expected credit loss calculations on amounts due from associates included in prepayments, deposits and other receivables are based on assumptions about risks of default and losses given default. The Group uses judgement in making these parameters and selecting the inputs to the impairment calculations, based on credit risks of the associates, existing market conditions as well as forward-looking estimates (such as gross domestic product and market volatility) at the end of each reporting period. It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

At 31 December 2022, the carrying amount of the Group's amounts due from associates included in prepayments, deposits and other receivables, before impairment allowance, was HK$1,254,155,000 (2021: HK$1,444,056,000). Impairment allowance provided for the amounts due from associates as at 31 December 2022 amounted to HK$1,031,761,000 (2021: HK$57,286,000). Further details of the Group's amounts due from associates and the key parameters and inputs used for impairment calculations are given in note 22 to the financial statements.

4. OPERATING SEGMENT INFORMATION

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

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

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

4. OPERATING SEGMENT INFORMATION *(continued)*

Information regarding the reportable segments is presented below.

Reportable segment information

Year ended 31 December 2022

	Property development and investment HK$'000	Treasury investment HK$'000	Total HK$'000
Segment revenue (note 5)			
Revenue from external customers	494,601	3,767	498,368
Segment results	(1,194,935)	(205,924)	(1,400,859)
Corporate and unallocated expenses			(75,207)
Finance costs			(429,663)
Loss before tax			(1,905,729)
Other segment information:			
Share of profits/(losses) of:			
Joint ventures	949,813	–	949,813
Associates	(41,088)	–	(41,088)
Capital expenditure in respect of items of property and equipment	(4,396)	–	(4,396)
Depreciation	(54,480)	–	(54,480)
Fair value gains on derivative financial instruments – transactions not qualifying as hedges	34,666	–	34,666
Fair value losses on investment properties	(1,443,335)	–	(1,443,335)
Fair value losses on financial assets at fair value through profit or loss, net	–	(140,486)	(140,486)
Reversal of impairment losses/(impairment losses) on financial assets, net	(980,827)	1,052	(979,775)
Investments in joint ventures	8,601,789	–	8,601,789
Investments in associates	1,746,271	–	1,746,271

4. OPERATING SEGMENT INFORMATION *(continued)*

Reportable segment information *(continued)*

Year ended 31 December 2021

	Property development and investment HK$'000	Treasury investment HK$'000	Total HK$'000
Segment revenue (note 5)			
Revenue from external customers	512,044	136,007	648,051
Segment results	730,232	(342,033)	388,199
Corporate and unallocated expenses			(65,729)
Finance costs			(415,523)
Loss before tax			(93,053)
Other segment information:			
Share of profits/(losses) of:			
Joint ventures	202,269	–	202,269
Associates	(2,720)	–	(2,720)
Capital expenditure in respect of items of property and equipment	(450)	–	(450)
Depreciation	(60,806)	–	(60,806)
Fair value gains on derivative financial instruments – transactions not qualifying as hedges	66,671	–	66,671
Fair value gains on investment properties, net	27,238	–	27,238
Fair value losses on financial assets at fair value through profit or loss, net	–	(179,786)	(179,786)
Reversal of impairment losses/(impairment losses) on financial assets, net	(53,642)	18,013	(35,629)
Investments in joint ventures	7,254,252	–	7,254,252
Investments in associates	1,420,141	–	1,420,141

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	2022 HK$'000	2021 HK$'000
United Kingdom	**494,601**	512,044
Mainland China	**–**	5,125
Hong Kong	**3,767**	130,882
	498,368	648,051

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

(b) Non-current assets

	2022 HK$'000	2021 HK$'000
United Kingdom	**18,923,937**	22,250,644
Mainland China	**622**	37,150
Hong Kong	**3,524,717**	1,565,478
Australia	**229,166**	248,468
	22,678,442	24,101,740

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

Information about major customers

Revenue of HK$95,367,000 and HK$76,885,000 (2021: HK$101,648,000, HK$85,380,000 and HK$64,723,000) were derived from two (2021: three) tenants which accounted for 10% or more of the Group's revenue and were derived from the property development and investment segment.

5. REVENUE, OTHER INCOME AND GAINS, NET

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

	2022 HK$'000	2021 HK$'000
Revenue		
Interest income		
Interest income from debt investments	–	68,961
Interest income from loans receivable	2,060	18,152
	2,060	87,113
Revenue from other sources		
Gross rental income from investment property operating leases:		
Variable lease payments that do not depend on an index or a rate	7,919	–
Other lease payments, including fixed payments	486,682	512,044
	494,601	512,044
Dividend income from listed equity investments	1,707	1,908
Dividend income from unlisted fund investments	–	46,986
	496,308	560,938
	498,368	648,051
Other income and gains, net		
Bank interest income	12,113	9,215
Interest income from amounts due from associates	27,805	124,990
Interest income from an amount due from a joint venture	896	–
Fair value gains on investment properties, net (note 15)	–	27,238
Fair value gains on derivative financial instruments – transactions not qualifying as hedges	34,666	66,671
Exchange gains, net	–	29,086
Gain on disposal of an associate	23,549	–
Gain on disposal of a subsidiary (note 32)	–	60,925
Gains on disposal of joint ventures	16	6,184
Gain on disposal of items of property and equipment	178	–
Others	460	115
	99,683	324,424

6. OTHER EXPENSES

An analysis of other expenses is as follows:

	2022 HK$'000	2021 HK$'000
Loss on redemption/disposal of debt investments at fair value through other comprehensive income	–	123,983
Losses on disposal of financial assets at fair value through profit or loss, net	3,592	105,223
Fair value losses on financial assets at fair value through profit or loss, net	140,486	179,786
Fair value losses on investment properties (note 15)	1,443,335	–
Exchange losses, net	48,614	–
	1,636,027	408,992

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 HK$'000	2021 HK$'000
Interest on bank and other borrowings	**303,536**	271,875
Interest on notes payable	**125,156**	142,920
Interest on lease liabilities	**971**	728
	429,663	415,523

8. LOSS BEFORE TAX

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

	Notes	2022 HK$'000	2021 HK$'000
Depreciation of owned assets	14	**39,433**	39,845
Depreciation of right-of-use assets	14	**15,047**	20,961
		54,480	60,806
Lease payments not included in the measurement of lease liabilities	16(c)	**3,379**	1,219
Auditor's remuneration		**6,100**	5,800
Employee benefit expense (including directors' remuneration (note 9)):			
Wages and salaries*		**200,350**	213,672
Pension scheme contributions**		**6,995**	7,112
		207,345	220,784
Foreign exchange differences, net	5, 6	**48,614**	(29,086)
Impairment losses/(reversal of impairment losses) on financial assets, net:			
Debt investments at fair value through other comprehensive income		**–**	(10,688)
Loans and interest receivables	21	**(1,052)**	(7,031)
Prepayments, deposits and other receivables	22	**980,827**	53,348
		979,775	35,629
Gross rental income		**(494,601)**	(512,044)
Direct operating expenses arising from rental-earning investment properties		**24,044**	20,672
Net rental income		**(470,557)**	(491,372)

* During the year ended 31 December 2022, wage subsidies of HK$1,816,000 (2021: Nil) granted from the Employment Support Scheme under the Anti-Epidemic Fund for the use of paying wages of employees from May to July 2022 had been received. The amount was recognised in "Administrative expenses" and had been offset with the employee benefit expense. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

9. DIRECTORS' REMUNERATION

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

	2022 **HK$'000**	2021 HK$'000
Fees	**2,205**	2,175
Other emoluments:		
Salaries, allowances and benefits in kind	**41,836**	40,697
Discretionary bonuses	**34,820**	37,800
Pension scheme contributions	**1,337**	1,291
	77,993	79,788
	80,198	81,963

During the year, the Group provided a leasehold property in Hong Kong as staff quarters for one of the executive directors of the Company. The estimated monetary value of such accommodation, included in the amount disclosed above, using the rateable value as an approximation, was HK$977,100 (2021: HK$1,021,200).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2021: Nil).

(a) Independent non-executive directors

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

	2022 **HK$'000**	2021 HK$'000
Mr. Lam Kin Fung Jeffrey	**825**	815
Mr. Leung Yu Ming Steven	**690**	680
Dr. Wong Lung Tak Patrick	**690**	680
	2,205	2,175

There were no other emoluments payable to the independent non-executive directors during the year (2021: Nil).

9. DIRECTORS' REMUNERATION *(continued)*

(b) Executive directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2022					
Executive directors:					
Mr. Cheung Chung Kiu ("Mr. Cheung")	**–**	**12,285**	**12,150**	**18**	**24,453**
Dr. Lam How Mun Peter	**–**	**11,533**	**8,000**	**487**	**20,020**
Mr. Leung Chun Cheong	**–**	**3,107**	**1,800**	**144**	**5,051**
Mr. Leung Wai Fai	**–**	**6,071**	**3,870**	**280**	**10,221**
Mr. Wong Chi Keung	**–**	**8,840**	**9,000**	**408**	**18,248**
	–	**41,836**	**34,820**	**1,337**	**77,993**
2021					
Executive directors:					
Mr. Cheung	–	12,090	13,500	18	25,608
Dr. Lam How Mun Peter	–	11,395	8,000	479	19,874
Mr. Leung Chun Cheong	–	3,055	2,000	141	5,196
Mr. Leung Wai Fai	–	5,967	4,300	275	10,542
Mr. Wong Chi Keung	–	8,190	10,000	378	18,568
	–	40,697	37,800	1,291	79,788

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2021: four) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining one (2021: one) non-director, highest paid employee are as follows:

	2022 HK$'000	2021 HK$'000
Salaries, allowances, and benefits in kind	**3,432**	4,420
Discretionary bonuses	**7,000**	9,500
Pension scheme contributions	**158**	204
	10,590	14,124

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

	No. of individuals 2022	2021
HK$10,500,001 to HK$11,000,000	**1**	–
HK$14,000,001 to HK$14,500,000	**–**	1

11. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2021: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%). Corporation tax in the United Kingdom ("UK") has been provided at a rate of 19% (2021: 19%) according to the requirements set forth in the relevant UK tax laws and regulations. The UK corporation tax rate will change from 19% to 25% effective from 1 April 2023.

Tax on profits assessable in Mainland China has been calculated at the applicable PRC corporate income tax rate of 25% (2021: 25%) during the year, except for one subsidiary of the Group, which is operating in Tibet and is entitled to preferential income tax rate of 15% (2021: 15%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. Overprovision in prior years during the year ended 31 December 2021 was mainly caused by the expiry of the retrospective period for the tax provision in relation to the Group's strategic disposal of the property projects in prior years.

	2022 **HK$'000**	2021 HK$'000
Current charge for the year		
Hong Kong	**–**	6,647
UK	**41,509**	13,778
Mainland China	**9,991**	18,798
Overprovision in prior years	**(24,702)**	(614,777)
Deferred tax (note 28)	**7,814**	(7,578)
Total tax charge/(credit) for the year	**34,612**	(583,132)

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

	2022 **HK$'000**	2021 HK$'000
Loss before tax	**(1,905,729)**	(93,053)
Tax at the statutory tax rates of different jurisdictions	**(420,788)**	(3,231)
Lower tax rate enacted by local authority	**96,707**	(4,307)
Adjustments in respect of current tax of previous periods	**(24,702)**	(614,777)
Profits and losses attributable to associates	**6,285**	449
Profits and losses attributable to joint ventures	**(170,090)**	(33,374)
Income not subject to tax	**(23,823)**	(72,654)
Expenses not deductible for tax	**554,523**	156,527
Tax losses utilised from previous periods	**–**	(28,187)
Tax losses not recognised	**16,500**	16,422
Tax charge/(credit) at the Group's effective rate	**34,612**	(583,132)

For the year ended 31 December 2022, the weighted average applicable tax rate was 22.1% (2021: 3.5%). The change in the weighted average applicable tax rate was caused by changes in the profitability of the Group in the respective jurisdictions.

The share of tax attributable to associates amounting to HK$345,000 (2021: HK$6,417,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss. The share of tax attributable to joint ventures amounting to HK$67,711,000 (2021: Nil) is included in "Share of profits and losses of joint ventures" in the consolidated statement of profit or loss.

12. DIVIDENDS

	2022 HK$'000	2021 HK$'000
Proposed final – HK$0.02 (2021: HK$0.02) per ordinary share	**77,647**	77,647

The final dividend for the year ended 31 December 2022 proposed subsequent to the reporting period has not been recognised as a liability at the end of the reporting period and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

No interim dividend was declared in respect of the years ended 31 December 2022 and 2021.

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

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

No adjustment has been made to the basic earnings/(loss) per share presented for the years ended 31 December 2022 and 2021 as the Group had no potentially dilutive ordinary shares in issue during the years.

The calculation of basic and diluted earnings/(loss) per share is based on:

	2022 HK$'000	2021 HK$'000
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation	**(1,940,341)**	490,079

	Number of shares 2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings/(loss) per share calculation	**3,882,334,668**	3,882,334,668

14. PROPERTY AND EQUIPMENT

	Owned assets							
	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Vessel and yacht HK$'000	Total HK$'000	Right-of-use assets HK$'000 (note 16(a))	Total HK$'000
31 December 2022								
At 1 January 2022								
Cost	**4,838**	**38,052**	**15,239**	**7,816**	**145,446**	**211,391**	**133,043**	**344,434**
Accumulated depreciation	**(605)**	**(18,453)**	**(6,125)**	**(6,970)**	**(79,995)**	**(112,148)**	**(54,759)**	**(166,907)**
Net carrying amount	**4,233**	**19,599**	**9,114**	**846**	**65,451**	**99,243**	**78,284**	**177,527**
At 1 January 2022, net of accumulated depreciation	**4,233**	**19,599**	**9,114**	**846**	**65,451**	**99,243**	**78,284**	**177,527**
Additions	**–**	**–**	**1,424**	**2,972**	**–**	**4,396**	**43,640**	**48,036**
Disposals	**–**	**–**	**–**	**(11)**	**–**	**(11)**	**–**	**(11)**
Depreciation provided during the year	**(121)**	**(7,938)**	**(1,676)**	**(609)**	**(29,089)**	**(39,433)**	**(15,047)**	**(54,480)**
Exchange realignment	**–**	**(27)**	**(42)**	**(45)**	**–**	**(114)**	**(437)**	**(551)**
At 31 December 2022, net of accumulated depreciation	**4,112**	**11,634**	**8,820**	**3,153**	**36,362**	**64,081**	**106,440**	**170,521**
At 31 December 2022:								
Cost	**4,838**	**37,975**	**16,448**	**10,278**	**145,446**	**214,985**	**127,982**	**342,967**
Accumulated depreciation	**(726)**	**(26,341)**	**(7,628)**	**(7,125)**	**(109,084)**	**(150,904)**	**(21,542)**	**(172,446)**
Net carrying amount	**4,112**	**11,634**	**8,820**	**3,153**	**36,362**	**64,081**	**106,440**	**170,521**
31 December 2021								
At 1 January 2021								
Cost	7,138	38,423	16,155	7,726	145,446	214,888	161,860	376,748
Accumulated depreciation	(1,335)	(10,435)	(5,758)	(6,422)	(50,906)	(74,856)	(52,688)	(127,544)
Net carrying amount	5,803	27,988	10,397	1,304	94,540	140,032	109,172	249,204
At 1 January 2021, net of accumulated depreciation	5,803	27,988	10,397	1,304	94,540	140,032	109,172	249,204
Additions	–	–	450	–	–	450	–	450
Depreciation provided during the year	(159)	(8,388)	(1,747)	(462)	(29,089)	(39,845)	(20,961)	(60,806)
Disposal of a subsidiary (note 32)	(1,411)	–	(15)	–	–	(1,426)	(9,967)	(11,393)
Exchange realignment	–	(1)	29	4	–	32	40	72
At 31 December 2021, net of accumulated depreciation	4,233	19,599	9,114	846	65,451	99,243	78,284	177,527
At 31 December 2021:								
Cost	4,838	38,052	15,239	7,816	145,446	211,391	133,043	344,434
Accumulated depreciation	(605)	(18,453)	(6,125)	(6,970)	(79,995)	(112,148)	(54,759)	(166,907)
Net carrying amount	4,233	19,599	9,114	846	65,451	99,243	78,284	177,527

At 31 December 2022, one of the Group's buildings with a carrying amount of HK$4,112,000 (2021: HK$4,233,000) and its leasehold land, which is included in right-of-use assets, with a carrying amount of HK$66,886,000 (2021: HK$68,854,000) were pledged to secure general banking facilities granted to the Group, the banking facilities were not utilised as at 31 December 2022. As at 31 December 2021, the banking facilities were utilised to the extent of HK$10,500,000 (note 26(a)).

15. INVESTMENT PROPERTIES

	2022 HK$'000	2021 HK$'000
Carrying amount at 1 January	**15,239,280**	15,327,772
Lease incentives	**(7,330)**	(67,245)
Net gain/(loss) from fair value adjustments (notes 5 and 6)	**(1,443,335)**	27,238
Exchange realignment	**(1,639,294)**	(48,485)
Carrying amount at 31 December	**12,149,321**	15,239,280

The Group's investment properties consist of two commercial properties in the UK. The directors of the Company have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 December 2022 based on valuations performed by Knight Frank Petty Limited, a firm of independent professionally qualified valuers, at HK$12,149,321,000 (2021: HK$15,239,280,000). Each year, management of the Group decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior personnel from the finance department review the valuations performed by the external valuer for financial reporting purposes and report directly to senior management. Discussions of valuation processes, assumptions and results are held between the Group's finance personnel and the external valuer twice a year when the valuations are performed for interim and annual financial reporting.

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

At 31 December 2022, the Group's investment properties with an aggregate carrying value of HK$12,149,321,000 (2021: HK$15,239,280,000) were pledged to secure general banking facilities granted to the Group (note 26(a)).

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

Fair value hierarchy

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

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2021: Nil).

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

	Commercial properties HK$'000
Carrying amount at 1 January 2021	15,327,772
Lease incentives	(67,245)
Net gain from fair value adjustments (note 5)	27,238
Exchange realignment	(48,485)
Carrying amount at 31 December 2021 and 1 January 2022	**15,239,280**
Lease incentives	**(7,330)**
Loss from fair value adjustments (note 6)	**(1,443,335)**
Exchange realignment	**(1,639,294)**
Carrying amount at 31 December 2022	**12,149,321**

15. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

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

	Valuation technique	Significant unobservable inputs	Range 2022	Range 2021
Commercial properties	Income capitalisation approach	Estimated rental value (per square foot per annum)	**GBP60 to GBP110**	GBP60 to GBP110
		Equivalent yield	**3.99% to 4.91%**	3.56% to 4.67%

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

16. LEASES

The Group as a lessee

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

(a) Right-of-use assets

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

	Leasehold land HK$'000	Office properties HK$'000	Total HK$'000
As at 1 January 2021	81,059	28,113	109,172
Depreciation charge	(2,238)	(18,723)	(20,961)
Disposal of a subsidiary	(9,967)	–	(9,967)
Exchange realignment	–	40	40
As at 31 December 2021 and 1 January 2022	**68,854**	**9,430**	**78,284**
Additions	**–**	**43,640**	**43,640**
Depreciation charge	**(1,968)**	**(13,079)**	**(15,047)**
Exchange realignment	**–**	**(437)**	**(437)**
As at 31 December 2022	**66,886**	**39,554**	**106,440**

16. LEASES *(continued)*

The Group as a lessee *(continued)*

(b) Lease liabilities

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

	2022 **HK$'000**	2021 HK$'000
Carrying amount at 1 January	**10,536**	26,707
New leases	**43,640**	–
Accretion of interest recognised during the year (note 7)	**971**	728
Payments	**(14,344)**	(16,901)
Exchange realignment	**(491)**	2
Carrying amount at 31 December	**40,312**	10,536
Analysed into:		
Current portion	**11,904**	7,024
Non-current portion	**28,408**	3,512
	40,312	10,536

The maturity analysis of lease liabilities is disclosed in note 39 to the financial statements.

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

	2022 **HK$'000**	2021 HK$'000
Interest on lease liabilities	**971**	728
Depreciation charge of right-of-use assets	**15,047**	20,961
Expense relating to short-term leases (included in administrative expenses)	**3,379**	1,219
Total amount recognised in the statement of profit or loss	**19,397**	22,908

(d) The total cash outflow for leases is disclosed in note 33(c) to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 15) consisting of two commercial properties in the UK under operating lease arrangements. The terms of the leases generally (i) require tenants to pay rent in advance on a quarterly basis; (ii) provide for rent review; (iii) grant certain lessees a tenant exercisable break clause; and (iv) require certain tenants to pay security deposits. As at 31 December 2022, security deposits received from tenants and held by the Group's property manager on trust for both the Group and the Group's tenants amounted to HK$45,237,000 (2021: HK$50,448,000). Rental income recognised by the Group during the year was HK$494,601,000 (2021: HK$512,044,000), details of which are included in note 5 to the financial statements.

16. LEASES *(continued)*

The Group as a lessor *(continued)*

At 31 December 2022, the undiscounted lease payments receivable by the Group in future periods, calculated on the assumption that no tenant exercisable break clause will be exercised, under non-cancellable operating leases with its tenants are as follows:

	2022 HK$'000	2021 HK$'000
Within one year	**450,890**	587,204
After one year but within two years	**396,342**	506,063
After two years but within three years	**372,164**	457,491
After three years but within four years	**349,486**	401,801
After four years but within five years	**357,222**	364,310
After five years	**1,740,388**	1,888,743
	3,666,492	4,205,612

17. INVESTMENTS IN JOINT VENTURES

	2022 HK$'000	2021 HK$'000
Share of net assets	**8,601,789**	7,254,252

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

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing
Instant Glory International Limited ("Instant Glory")#	Ordinary shares of US$1 each	BVI	50	50	50
Whiteley JV S.à r.l. ("Whiteley JV")	Ordinary shares of GBP1 each	Grand Duchy of Luxembourg	45.94	50	46.08
Ocean Beyond Investments Limited ("Ocean Beyond")	Ordinary shares of US$1 each	BVI	42.5	33.33	42.5
Superb Land Limited ("Superb Land")*	Ordinary shares of US$1 each	BVI	42	33.33	42

All these joint ventures are unlisted and indirectly held by the Company. These joint ventures, together with their subsidiaries, principally engaged in the property development and investment in the UK, Australia and Hong Kong and are accounted for using the equity method.

Joint venture between the Group and Mr. Cheung since 2 June 2022

* On 28 January 2022, Land Magic Investment Limited ("Land Magic"), a company jointly controlled by the Group and an independent third party ("JV Partner 1"), entered into an agreement to acquire a 40% equity interest in Superb Land from an independent third party. Land Magic was owned as to 80% by the Group and 20% by JV Partner 1. On 16 September 2022, Modern Hero Global Limited ("Modern Hero"), a wholly-owned subsidiary of the Company, entered into an agreement with an independent third party pursuant to the acquisition of an additional 10% equity interest in Superb Land. The Group has indirect interest of 42% in Superb Land through Modern Hero and Land Magic. Pursuant to the joint venture agreement, the Group, JV Partner 1 and another independent third party ("JV partner 2") which beneficially own 42%, 8% and 50% interests in Superb Land, respectively, are considered to have joint control over Superb Land as major decisions that relate to the relevant activities of Superb Land require unanimous consent from the Group, JV Partner 1 and JV Partner 2.

17. INVESTMENTS IN JOINT VENTURES *(continued)*

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

Instant Glory

	2022 HK$'000	2021 HK$'000
Cash and cash equivalents	**2,511,682**	1,541,640
Other current assets	**10,644,001**	12,324,365
Current assets	**13,155,683**	13,866,005
Non-current assets	**352,264**	20,880
Current liabilities	**(1,349,124)**	(765,408)
Non-current financial liabilities, excluding trade and other payables	**(3,032,403)**	(3,472,850)
Other non-current liabilities	**(79,076)**	(93,893)
Non-current liabilities	**(3,111,479)**	(3,566,743)
Net assets	**9,047,344**	9,554,734
Reconciliation to the Group's interests:		
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets	**4,523,672**	4,777,367
Carrying amount of the investment	**4,523,672**	4,777,367
Revenue	**2,632,892**	–
Interest income	**846**	–
Tax expenses	**(140,349)**	–
Profit/(loss) for the year	**540,172**	(50,183)
Total comprehensive income/(loss) for the year	**540,172**	(50,183)

17. INVESTMENTS IN JOINT VENTURES *(continued)*

Whiteley JV

	2022 HK$'000	2021 HK$'000
Cash and cash equivalents	**58,197**	179,636
Other current assets	**5,799,436**	4,475,612
Current assets	**5,857,633**	4,655,248
Non-current assets	**1,508,597**	1,050,033
Current liabilities	**(5,182,357)**	(475,053)
Non-current financial liabilities, excluding trade and other payables and provisions	**–**	(2,461,388)
Other non-current liabilities	**(29,112)**	(21,121)
Non-current liabilities	**(29,112)**	(2,482,509)
Net assets	**2,154,761**	2,747,719
Reconciliation to the Group's interests:		
Proportion of the Group's ownership	**45.94%**	45.94%
Group's share of net assets	**989,897**	1,262,302
Accumulated loss not shared by the Group	**752,998**	659,168
Share of accumulated preferential return	**581,812**	317,072
Exchange realignment	**(77,476)**	(10,125)
Carrying amount of the investment	**2,247,231**	2,228,417
Other income	**242,607**	74,374
Depreciation and amortisation	**(9,272)**	(10,322)
Interest expense	**(110,690)**	(18,425)
Income tax expense	**(167)**	(533)
Loss for the year	**(204,245)**	(761,679)
Total comprehensive loss for the year	**(204,245)**	(761,679)

17. INVESTMENTS IN JOINT VENTURES *(continued)*

Ocean Beyond

	2022 **HK$'000**	2021 HK$'000
Cash and cash equivalents	**7,976**	26,485
Other current assets	**544,046**	688
Current assets	**552,022**	27,173
Non-current assets	**–**	712,631
Current financial liabilities, excluding trade and other payables	**–**	(147,467)
Other current liabilities	**(8,606)**	(2,813)
Current liabilities	**(8,606)**	(150,280)
Net assets	**543,416**	589,524
Non-controlling interests	**(4,201)**	(4,893)
Net assets attributable to owners of Ocean Beyond	**539,215**	584,631
Reconciliation to the Group's interests:		
Proportion of the Group's ownership	**42.5%**	42.5%
Group's share of net assets	**229,166**	248,468
Carrying amount of the investment	**229,166**	248,468
Interest income	**228**	7
Other income	**1,019**	1,347
Loss for the year attributable to owners of Ocean Beyond	**(6,238)**	(30,421)
Other comprehensive loss for the year attributable to owners of Ocean Beyond	**(39,178)**	(33,359)
Total comprehensive loss for the year attributable to owners of Ocean Beyond	**(45,416)**	(63,780)

17. INVESTMENTS IN JOINT VENTURES *(continued)*

Superb Land

	2022 HK$'000
Cash and cash equivalents	**228,189**
Other current assets	**6,199,815**
Current assets	**6,428,004**
Current liabilities	**(284,428)**
Non-current financial liabilities, excluding trade and other payables	**(2,068,988)**
Other non-current liabilities	**(260,969)**
Non-current liabilities	**(2,329,957)**
Net assets	**3,813,619**
Reconciliation to the Group's interests:	
Proportion of the Group's ownership	**42%**
Group's share of net assets	**1,601,720**
Carrying amount of the investment	**1,601,720**
Revenue	**435,000**
Interest income	**88**
Interest expense	**(124,445)**
Income tax credit	**5,866**
Loss for the year attributable to owners of Superb Land	**(26,289)**
Total comprehensive loss for the year attributable to owners of Superb Land	**(26,289)**
Group's share of loss of Superb Land	**(18,077)**
Gain on bargain purchase on acquisitions of interests in Superb Land	**435,722**
Results attributable to interests in Superb Land	**417,645**

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

	2022 HK$'000	2021 HK$'000
Share of the joint ventures' profit/(loss) for the year	**(7)**	4,562
Share of the joint ventures' other comprehensive loss	**–**	(641)
Share of the joint ventures' total comprehensive income/(loss)	**(7)**	3,921

18. INVESTMENTS IN ASSOCIATES

	2022 HK$'000	2021 HK$'000
Share of net assets	**840,229**	514,132
Amounts due from associates	**906,042**	906,009
	1,746,271	1,420,141

The amounts due from associates are unsecured, interest-free and repayable on demand. In the opinion of the directors of the Company, the amounts are unlikely to be repaid in the foreseeable future and are considered as part of the Group's net investments in the related associates. There was no recent history of default and past due for the amounts due from the associates. As at 31 December 2022 and 2021, the loss allowance was assessed to be minimal.

Particulars of the material associates are as follows:

Name	Place of incorporation/ registration and business	Particulars of shares held	Percentage of ownership interest attributable to the Group 2022	2021	Principal activities
Clear Dynamic Limited ("Clear Dynamic")	BVI	Ordinary shares of US$1 each	**50%**	50%	Investment holding
Modern Crescent Limited ("Modern Crescent")	BVI	Ordinary shares of US$1 each	**25%**	25%	Investment holding

The Group's shareholdings in these associates comprise equity shares held through subsidiaries of the Company. These associates, together with their subsidiaries, principally engaged in property development and investment holding in Hong Kong and are accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Clear Dynamic and Modern Crescent and reconciled to the carrying amount in the consolidated financial statements:

Clear Dynamic

	2022 HK$'000	2021 HK$'000
Non-current assets	**1,845,164**	1,817,479
Net assets	**1,845,164**	1,817,479
Reconciliation to the Group's interest:		
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets	**922,582**	908,740
Carrying amount of the investment	**922,582**	908,740
Profit for the year	**27,675**	5,461
Total comprehensive income for the year	**27,675**	5,461

18. INVESTMENTS IN ASSOCIATES *(continued)*

Modern Crescent

	2022 HK$'000	2021 HK$'000
Current assets	**7,708,131**	7,770,965
Non-current assets	**57,459**	12,288
Current liabilities	**(4,015,939)**	(2,063,933)
Non-current liabilities	**(457,943)**	(3,821,459)
Net assets	**3,291,708**	1,897,861
Reconciliation to the Group's interest:		
Proportion of the Group's ownership	**25%**	25%
Group's share of net assets	**822,927**	474,465
Carrying amount of the investment	**822,927**	474,465
Revenue	**156,397**	164,239
Loss for the year	**(87,708)**	(32,022)
Other comprehensive income for the year	**56,560**	33,348
Total comprehensive income/(loss) for the year	**(31,148)**	1,326

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

	2022 HK$'000	2021 HK$'000
Share of the associates' profit/(loss) for the year	**(32,998)**	2,555
Share of the associates' total comprehensive income/(loss)	**(32,998)**	2,555
Aggregate carrying amount of the Group's investments in associates	**762**	36,936

The Group has discontinued recognition of its share of losses of associates because the Group's share of losses of these associates exceeded the Group's interest in these associates and the Group has no obligation to take up further losses. The amounts of the unrecognised share of losses of the associates, both for the year and cumulatively, are as follows:

	2022 HK$'000
Unrecognised share of losses of the associates for the year	**(51,596)**
Accumulated unrecognised share of losses of the associates	**(51,596)**

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	**2022 HK$'000**	2021 HK$'000
Listed equity investments	(i)	**214,845**	274,768
Other unlisted investments	(ii)	**984,575**	1,076,480
		1,199,420	1,351,248

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

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

20. TRADE RECEIVABLES

	2022 HK$'000	2021 HK$'000
Trade receivables	**9,120**	21,690

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:

	2022 HK$'000	2021 HK$'000
1 to 3 months	**8,462**	7,476
3 to 6 months	**658**	6,780
6 to 12 months	**–**	5,484
Over 12 months	**–**	1,950
	9,120	21,690

The Group's tenants normally settle their bills in a timely manner and more than 90% of the Group's trade receivables as at the end of the reporting period aged less than twelve months. As such, the Group's exposure to credit risk is insignificant and the directors of the Company were of the opinion that the ECLs of these rental receivables are minimal.

21. LOANS AND INTEREST RECEIVABLES

	Notes	2022 HK$'000	2021 HK$'000
Loans receivable – unsecured	(i)	–	49,020
Interest receivable		–	3,449
		–	52,469
Less: Impairment allowance	(ii)	–	(1,052)
		–	51,417

As at 31 December 2021, the loan receivable related to a borrower. The carrying amounts of the loan receivable approximated to its fair values.

Notes:

(i) As at 31 December 2021, the loan receivable was stated at amortised cost with fixed interest rate. The credit term of the loan receivable was 1 year.

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

	2022 HK$'000	2021 HK$'000
At 1 January	**1,052**	8,101
Impairment losses/(reversal of impairment losses), net (note 8)		
Loans repaid/derecognised	**(1,052)**	(8,083)
New loans granted	–	1,052
	(1,052)	(7,031)
Exchange realignment	–	(18)
At 31 December	–	1,052

As at 31 December 2021, loans and interest receivables of HK$52,469,000, before impairment allowance, were within its credit period and all these balances were categorised within Stage 1 for the measurement of ECLs.

An impairment analysis is performed at each reporting date by considering the ECLs, which are estimated by applying the probability-weighted loss default model with reference to the risks of default of the borrowers or comparable companies. As at 31 December 2021, the probability of default applied was 3.58% and the loss given default was estimated to be approximately 62%.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022	2021
	HK$'000	HK$'000
Prepayments	**6,746**	4,155
Deposits and other receivables	**36,271**	10,038
Due from associates (note)	**1,254,155**	1,444,056
Total prepayments, deposits and other receivables	**1,297,172**	1,458,249
Less: Impairment allowance	**(1,031,761)**	(57,286)
	265,411	1,400,963
Less: Portion classified as non-current assets	**(4,559)**	(814,008)
Portion classified as current assets	**260,852**	586,955

Note: As at 31 December 2022, the amounts due from associates were stated at amortised cost with an aggregate principal amount of RMB1,118,330,000 (equivalent to HK$1,254,155,000) (2021: RMB1,169,054,000 (equivalent to HK$1,432,682,000)) and relevant interest receivable from associates. The amounts due from associates bear interest ranging from 9% to 18.25% per annum (2021: 9% to 9.39% per annum) and were repayable within 1 year (2021: within 2 years).

Deposits and other receivables mainly represent consideration receivables, rental deposits, deposits with vendors and receivables from counterparties which have no history of default. The financial assets included in the above balances and the amounts due from associates were not overdue. Where applicable, an impairment analysis is performed at each reporting date by considering the ECLs, which are estimated by applying the probability-weighted loss default model with reference to the risks of default of the counterparties. As at 31 December 2022, except for the amounts due from associates with a gross amount of HK$1,254,155,000 (2021: HK$1,444,056,000) which were categorised within Stage 3 (2021: Stage 2) for the assessment of ECLs due to credit impairment of the controlling shareholder of the associates, being their guarantor, all of them were categorised within Stage 1 for the measurement of ECLs. The probability of default applied was 100% (2021: 0.33% to 9.51%) and the loss given default was estimated to be approximately 83% (2021: 62%).

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

	2022	2021
	HK$'000	HK$'000
At 1 January	**57,286**	2,533
Impairment losses, net (note 8)	**980,827**	53,348
Exchange realignment	**(6,352)**	1,405
At 31 December	**1,031,761**	57,286

23. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Notes	2022 HK$'000	2021 HK$'000
Cash and bank balances	(a)	**574,215**	4,387,599
Time deposits		**1,329,557**	–
Deposits with brokerage companies		**5,995**	632,931
		1,909,767	5,020,530
Less: Pledged deposits	(b)	**(23,507)**	(574,581)
Restricted bank balances	(c)	**(140,857)**	(88,202)
Cash and cash equivalents		**1,745,403**	4,357,747

Notes:

(a) As at 31 December 2022, bank balances amounting to HK$179,658,000 (2021: HK$48,269,000) were charged for securing banking facilities of the Group (note 26(a)).

(b) As at 31 December 2022, the bank balances amounting to HK$23,507,000 (2021: HK$26,341,000) were pledged to a bank for a banking facility granted to a joint venture (note 36(b)). As at 31 December 2021, the bank balances amounting to HK$548,240,000 were pledged to banks to secure bank borrowings granted to the Group (note 26(a)).

(c) The restricted bank balances represented bank accounts charged by banks for securing bank loans and will be unrestricted periodically after the payments of certain obligations or fulfilment of certain financial ratios under loan facilities granted by certain banks.

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$93,629,000 (2021: HK$89,914,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one week and six months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default. Deposits with brokerage companies are carried at an average interest rate of 0.507% per annum (2021: 0.002% per annum).

24. OTHER PAYABLES AND ACCRUALS

	Notes	2022 HK$'000	2021 HK$'000
Receipts in advance		**57,013**	52,781
Other payables	(a)	**150,743**	106,334
Accruals		**99,302**	95,892
Due to joint ventures	(b)	**147,732**	130,901
Lease liabilities	16(b)	**40,312**	10,536
Total other payables and accruals		**495,102**	396,444
Less: Lease liabilities classified as non-current liabilities	16(b)	**(28,408)**	(3,512)
Portion classified as current liabilities		**466,694**	392,932

Notes:

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

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

25. DERIVATIVE FINANCIAL INSTRUMENTS

	2022 Assets/ (liabilities) HK$'000	2021 Assets/ (liabilities) HK$'000
Interest rate swaps designated as hedging instruments	**113,387**	–
Interest rate swaps not designated as hedging instruments	**–**	(16,766)
Forward currency contracts not designated as hedging instruments	**18,065**	–
	131,452	(16,766)
For the purpose of financial statement presentation:		
Non-current assets	**131,452**	–
Current liabilities	**–**	(16,766)

Interest rate swaps designated as hedging instruments

Cash flow hedge – Interest rate risk

At 31 December 2022, the Group had two interest rate swaps in place with a notional amount of GBP244,000,000 in aggregate whereby the Group pays a fixed rate of interest on 2.03% to 2.05% p.a. and receives a variable rate on the GBP notional amount at SONIA. The swap is being used to hedge the interest rate exposure of a SONIA GBP bank loan. The maturity of the swap is more than 1 year.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the interest rate swaps match with the terms of the SONIA GBP bank loan (i.e., notional amount and expected payment dates). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the interest rate swap are identical to that of the hedged risk component. To test the hedge effectiveness, the Group uses hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- Differences in the timing of cash flows of the hedged item and the hedging instrument
- The counterparties' credit risks differently impacting the fair value movements of the hedging items and hedging instruments

25. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

Interest rate swaps designated as hedging instruments *(continued)*

Cash flow hedge – Interest rate risk *(continued)*

The effects of applying hedge accounting on the Group's financial position and performance are as follows:

	2022
Interest rate swaps:	
Carrying amount (HK$'000)	**113,387**
Notional amount (GBP'000)	**244,000**
Maturity date	**2027/2/26 – 2027/3/1**
Strike rate (fixed rate range)	**2.03% to 2.05%**

During the year ended 31 December 2022, effective portion of fair value gains arising from the hedging interest rate swaps amounting to HK$113,387,000 was recognised in cash flow hedge reserve.

Interest rate swaps not designated as hedging instruments

At 31 December 2021, the Group had several interest rate swaps with notional amounts of GBP498,000,000 and HK$1,840,000,000. For the interest rate swaps with a notional amount of GBP498,000,000, the Group pays interest at a fixed rate of approximately 0.72% and receives interest at a variable rate based on LIBOR on the notional amount. For the interest rate swaps with an aggregate notional amount of HK$1,840,000,000, the Group pays interest at fixed rates ranging from 0.305% to 0.995% and receives interest at a variable rate of HIBOR. These interest rate swaps had been matured during the year and are used to manage its interest rate exposures arising from bank loans at floating rates.

These interest rate swaps are not designated for hedge purposes and are measured at fair value through profit or loss. Fair value gain on the non-hedging interest rate swaps amounting to HK$16,601,000 (2021: HK$61,868,000) was credited to profit or loss during the year.

Forward Currency Contract not designated as hedging instruments

At 31 December 2022, the Group had various forward currency contracts to mitigate its currency exchange rate exposures for a foreign currency liability. The forward currency contracts are not designated for hedge purposes and is measured at fair value through profit or loss. Fair value gain on the non-hedging forward currency contract amounting to HK$18,065,000 (2021: HK$4,803,000) was credited to profit or loss during the year.

26. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2022			2021		
	Contractual interest rate	**Maturity**	**HK$'000**	Contractual interest rate	Maturity	HK$'000
Current						
Bank loans – secured	**N/A**	**N/A**	**–**	HIBOR+1%/ SONIA+0.5%	On demand	536,900
	N/A	**N/A**	**–**	LIBOR+1.5%	2022	6,531,111
Bank loans – unsecured	**N/A**	**N/A**	**–**	HIBOR+1.85%	2022	1,829,127
Current portion of long-term bank loans – secured	**SONIA +1.5%**	**2023**	**53,442**	SONIA +1.5%	2022	59,796
Other loan – unsecured	**3.85%**	**2023**	**134,575**	3.85%	2022	257,356
			188,017			9,214,290
Non-current						
Bank loans						
– secured	**SONIA+1.5%**	**2024 to 2027**	**6,895,961**	SONIA+1.5%	2023 to 2024	1,488,680
– unsecured	**HIBOR+1.85%**	**2024 to 2026**	**1,322,914**	N/A	N/A	–
			8,218,875			1,488,680
			8,406,892			10,702,970

	2022 HK$'000	2021 HK$'000
Analysed into:		
Bank loans repayable:		
On demand	**–**	536,900
Within one year	**53,442**	8,420,034
In the second year	**1,392,058**	59,884
In the third to fifth years, inclusive	**6,826,817**	1,428,796
	8,272,317	10,445,614
Other loan repayable:		
Within one year	**134,575**	257,356
	8,406,892	10,702,970

26. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

Notes:

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

	Notes	**2022 HK$'000**	2021 HK$'000
Property and equipment	14	**–**	73,087
Investment properties	15	**12,149,321**	15,239,280
Bank balances	23	**179,658**	596,509

(b) As at 31 December 2022, except for the other loan of HK$134,575,000 (31 December 2021: HK$257,356,000) which bears interest at fixed rate, all bank borrowings bear interest at floating interest rates.

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

	2022 HK$'000	2021 HK$'000
HK$	**1,322,914**	1,839,627
GBP	**6,949,403**	8,605,987
RMB	**134,575**	257,356
	8,406,892	10,702,970

(d) The Group's bank borrowings of HK$6,949,403,000 (2021: HK$8,079,587,000) are secured by pledges over the equity interests of certain subsidiaries of the Group (note 1).

27. NOTES PAYABLE

	Principal at original currency	**Contractual interest rate (%) per annum**	**Maturity**	**2022 HK$'000**	2021 HK$'000
2021 Notes	US$300,000,000	5.20	2025	**2,313,014**	2,308,613

In September 2021, the Group issued guaranteed notes with an aggregate principal amount of US$300,000,000 (equivalent to HK$2,325,000,000) at a coupon rate of 5.2% per annum, which are listed on the Stock Exchange (the "2021 Notes"). The net proceeds, after deducting the issuance expenses, amounted to HK$2,307,371,000. The 2021 Notes are guaranteed by the Company and will mature in September 2025.

The Group, at its option, can redeem the 2021 Notes in whole, but not in part, at any time prior to the maturity date at the redemption prices (principal amount) plus accrued interest up to the redemption date, as set forth in the written agreement between the Group and the trustees of the 2021 Notes.

At 31 December 2022, the fair value of the 2021 Notes was HK$1,978,180,000 (2021: HK$2,289,753,000), which is based on a market price from a financial institution at the reporting date.

28. DEFERRED TAX

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

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation HK$'000
At 1 January 2021	346
Disposal of a subsidiary (note 32)	(346)
At 31 December 2021, 1 January 2022 and 31 December 2022	–

Deferred tax assets

	Impairment losses on financial assets HK$'000
At 1 January 2021	986
Deferred tax credited to the statement of profit or loss during the year (note 11)	7,578
Exchange realignment	202
At 31 December 2021 and 1 January 2022	**8,766**
Deferred tax charged to the statement of profit or loss during the year (note 11)	**(7,814)**
Exchange realignment	**(952)**
At 31 December 2022	–

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

As at 31 December 2021, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. As at 31 December 2021, the aggregate amount of temporary differences associated with investments in these subsidiaries in Mainland China for which deferred tax liabilities have not been recognised was HK$554,567,000.

As at 31 December 2022, the Group has tax losses arising in Hong Kong of HK$309,068,000 (2021: HK$210,425,000), subject to the agreement by the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets had not been recognised in respect of these losses as it was not considered probable that taxable profits would be available against which the tax losses can be utilised.

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

29. SHARE CAPITAL

Shares

	2022 HK$'000	2021 HK$'000
Authorised: 20,000,000,000 ordinary shares of HK$0.10 each	**2,000,000**	2,000,000
Issued and fully paid: 3,882,334,668 ordinary shares of HK$0.10 each	**388,233**	388,233

Share options

Details of the Company's share option schemes are set out in note 31 to the financial statements.

30. RESERVES

The amounts of the Group's reserves and the movements therein for the current and the prior years are presented in the consolidated statement of changes in equity on page 48 of the financial statements.

31. SHARE OPTION SCHEMES

2015 Scheme

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

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

Purposes

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

Participants

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

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

258,822,311 shares, representing 6.67% of the issued shares as at 24 March 2023.

31. SHARE OPTION SCHEMES *(continued)*

2015 Scheme *(continued)*

Maximum entitlement of each participant

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

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

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

Minimum period for which an option must be held before exercise

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

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

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

Basis of determining the exercise price

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

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

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

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

Life of the 2015 Scheme

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

No share options were granted under the 2015 Scheme since its adoption and up to 31 December 2022.

No share option expense was recognised by the Group during the year (2021: Nil).

32. DISPOSAL OF A SUBSIDIARY

Year ended 31 December 2021

The Group disposed of its 100% equity interest in Global Palace Investments Limited ("Global Palace") to an independent third party for a consideration of HK$72,000,000 on 6 November 2021. Global Palace was principally engaged in property holding in Hong Kong.

Details of the net assets of Global Palace and the financial impact are summarised below:

	Notes	HK$'000
Net assets disposed of:		
Property and equipment	14	11,393
Prepayments, deposits and other receivables		28
Deferred tax liabilities	28	(346)
		11,075
Gain on disposal of a subsidiary	5	60,925
Satisfied by cash		72,000

An analysis of the net inflow of cash and cash equivalents for the year in respect of the disposal of Global Palace is as follows:

	HK$'000
Cash consideration	72,000
Net inflow of cash and cash equivalents included in cash flows from investing activities	72,000

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$43,640,000 (2021: Nil) and HK$43,640,000 (2021: Nil), respectively, in respect of lease arrangements for office properties.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(b) Changes in liabilities arising from financing activities

	Notes payable HK$'000	Lease liabilities included in other payables and accruals HK$'000	Interest-bearing bank and other borrowings HK$'000
At 1 January 2021	1,928,892	26,707	10,472,568
Changes from financing cash flows	369,871	(16,173)	230,644
Amortisation of loan procurement fee	9,850	–	36,029
Interest expense	–	728	–
Interest paid classified as operating cash flows	–	(728)	–
Foreign exchange movement	–	2	(36,271)
At 31 December 2021 and 1 January 2022	**2,308,613**	**10,536**	**10,702,970**
New leases	**–**	**43,640**	**–**
Changes from financing cash flows	**–**	**(13,373)**	**(1,360,521)**
Amortisation of loan procurement fee	**4,401**	**–**	**30,138**
Interest expense	**–**	**971**	**–**
Interest paid classified as operating cash flows	**–**	**(971)**	**–**
Foreign exchange movement	**–**	**(491)**	**(965,695)**
At 31 December 2022	**2,313,014**	**40,312**	**8,406,892**

(c) Total cash outflow for leases

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

	2022 HK$'000	2021 HK$'000
Within operating activities	**4,350**	1,947
Within financing activities	**13,373**	16,173
	17,723	18,120

34. COMMITMENTS

The Group had the following commitments provided to a joint venture and an associate (including the Group's share of commitments made jointly with other joint venturers) at the end of the reporting period:

	2022 HK$'000	2021 HK$'000
Contracted, but not provided for:		
Capital contributions payable to a joint venture	**117,821**	–
Capital contributions payable to an associate	**3,813**	8,252
Properties under development	**918,887**	2,481,401

35. FINANCIAL GUARANTEES

(a) As at 31 December 2022, the Group has given a guarantee to a vendor in connection with consideration payable for the acquisition of a freehold land held by a joint venture amounting to HK$46,978,000 (2021: HK$105,280,000).

(b) As at 31 December 2022, the Group has given guarantees to banks in connection with facilities granted to joint ventures up to HK$2,525,445,000 (2021: HK$2,509,349,000), and the related banking facility was utilised to the extent of HK$2,412,250,000 (2021: HK$1,782,197,000).

(c) As at 31 December 2022, the Group has given guarantees to banks and an independent third party in connection with facilities granted to associates up to HK$1,787,250,000 (2021: HK$2,172,125,000), and the related facilities were fully utilised as at 31 December 2022 and 2021.

(d) As at 31 December 2022, the Group has given guarantees to certain financial institutions in connection with the cost overrun guarantee in respect of the project development costs and sales milestones guarantee of a joint venture up to HK$781,683,000 (2021: HK$868,560,000).

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

36. RELATED PARTY TRANSACTIONS

(a) Details of the Group's transactions with joint ventures and associates for the end of the reporting period are set out in notes 5 to the financial statements. Details of the Group's balances with joint ventures and associates as at the end of the reporting period are set out in notes 22 and 24 to the financial statements.

(b) As at 31 December 2022, the Group has given guarantees to (i) a vendor in connection with consideration payable for the acquisition of a freehold land held by a joint venture; (ii) banks in connection with banking facilities granted to joint ventures and associates; (iii) independent third parties in connection with loan facilities granted to an associate; and (iv) certain financial institutions in connection with the Group's cost overrun guarantee in respect of the project development costs and sales milestones guarantee of a joint venture, and the Group has placed a pledged deposit in a bank in connection with a banking facility granted to a joint venture. Details of the financial guarantees given by the Group to its joint ventures and associates are set out in note 35 to the financial statements. Details of the pledged deposits placed in a bank by the Group are set out in note 23 to the financial statements.

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

	2022 **HK$'000**	2021 HK$'000
Short-term employee benefits paid to key management personnel	**80,198**	81,963

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

(d) Guaranteed notes held by the directors of the Company

As at 31 December 2022, the directors held 2021 Notes of principal of US$125,000,000 (2021: US$100,500,000) with interest expenses of HK$42,799,000 paid to them for the year ended 31 December 2022 (2021: HK$19,556,000). The contractual interest rate of 2021 Notes was 5.20%.

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 December 2022

Financial assets

	Financial assets at fair value through profit or loss designated as such upon initial recognition HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Trade receivables	–	9,120	9,120
Financial assets included in prepayments, deposits and other receivables	–	258,665	258,665
Financial assets at fair value through profit or loss	1,199,420	–	1,199,420
Derivative financial instruments	131,452	–	131,452
Pledged deposits	–	23,507	23,507
Restricted bank balances	–	140,857	140,857
Cash and cash equivalents	–	1,745,403	1,745,403
	1,330,872	2,177,552	3,508,424

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Interest-bearing bank and other borrowings	8,406,892
Lease liabilities	40,312
Notes payable	2,313,014
Financial liabilities included in other payables and accruals (excluding lease liabilities)	298,475
	11,058,693

37. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

31 December 2021

Financial assets

	Financial assets at fair value through profit or loss designated as such upon initial recognition HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Trade receivables	–	21,690	21,690
Loans and interest receivables	–	51,417	51,417
Financial assets included in prepayments, deposits and other receivables	–	1,396,808	1,396,808
Financial assets at fair value through profit or loss	1,351,248	–	1,351,248
Pledged deposits	–	574,581	574,581
Restricted bank balances	–	88,202	88,202
Cash and cash equivalents	–	4,357,747	4,357,747
	1,351,248	6,490,445	7,841,693

Financial liabilities

	Financial liabilities at fair value through profit or loss HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	–	10,702,970	10,702,970
Lease liabilities	–	10,536	10,536
Notes payable	–	2,308,613	2,308,613
Derivative financial instruments	16,766	–	16,766
Financial liabilities included in other payables and accruals (excluding lease liabilities)	–	237,235	237,235
	16,766	13,259,354	13,276,120

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The Group's finance department headed by the directors of the Company is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The financial controller reports directly to the directors of the Company 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 of the Company. 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 values of the non-current portion of interest-bearing bank and other borrowings, notes payable and the non-current portion of financial liabilities included in other payables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings, notes payable and financial liabilities included in other payables as at 31 December 2022 was assessed to be insignificant. Management has assessed that the fair values of the non-current portion of interest-bearing bank and other borrowings, notes payable and financial liabilities included in other payables approximate to their carrying amounts.

The fair values of listed equity 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 of the Company 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, as appropriate, in the year ended 31 December 2022, 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 forward currency contracts and interest rate swaps, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and interest rate curves. The carrying amounts of forward currency contracts and interest rate swaps are the same as their fair values.

As at 31 December 2022, 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.

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

Fair value hierarchy

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

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Assets measured at fair value:				
As at 31 December 2022				
Financial assets at fair value through profit or loss:				
Listed equity investments	**214,845**	**–**	**–**	**214,845**
Unlisted fund investments	**–**	**984,575**	**–**	**984,575**
Derivative financial instruments	**–**	**131,452**	**–**	**131,452**
	214,845	**1,116,027**	**–**	**1,330,872**
As at 31 December 2021				
Financial assets at fair value through profit or loss:				
Listed equity investments	274,768	–	–	274,768
Unlisted fund investments	–	1,076,480	–	1,076,480
	274,768	1,076,480	–	1,351,248

	Fair value measurement using significant observable inputs (Level 2) HK$'000
Liabilities measured at fair value:	
There was no liability measured at fair value as at 31 December 2022.	
As at 31 December 2021	
Derivative financial instruments	16,766

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2021: Nil).

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

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

	HK$'000
Financial assets at fair value through profit or loss:	
At 1 January 2021	90,641
Disposal	(64,690)
Total losses recognised in the statement of profit or loss included in other expenses	(25,951)
At 31 December 2021, 1 January 2022 and 31 December 2022	–

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Interest rate risk

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

To manage its interest cost, the Group entered into interest rate swaps in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2022, after taking into the effect of the interest rate swaps, approximately 2% (2021: 66%) of the Group's interest-bearing bank and other borrowings bore interest at fixed rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss before tax (through the impact on pledged deposits, restricted bank balances, cash and cash equivalents and bank and other borrowings with floating rates held by the Group at the end of the reporting period after taking into account the effect of the interest rate swaps) and the Group's equity (through the impact on fair value changes on the interest rate swaps).

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

Interest rate risk *(continued)*

	Increase/ (decrease) in basis points	**Decrease/ (increase) in loss before tax HK$'000**	**Increase/ (decrease) in equity* HK$'000**
2022			
HK$	**100**	**(11,468)**	**–**
US$	**100**	**12,027**	**–**
RMB	**100**	**936**	**–**
GBP	**100**	**(65,738)**	**65,226**
HK$	**(100)**	**11,468**	**–**
US$	**(100)**	**(12,027)**	**–**
RMB	**(100)**	**(936)**	**–**
GBP	**(100)**	**65,738**	**(65,226)**

	Increase/ (decrease) in basis points	Decrease/ (increase) in loss before tax HK$'000	Increase/ (decrease) in equity* HK$'000
2021			
HK$	100	26,138	–
US$	100	20,175	–
RMB	100	899	–
GBP	100	(31,404)	–
HK$	(100)	(26,138)	–
US$	(100)	(20,175)	–
RMB	(100)	(899)	–
GBP	(100)	31,404	–

* Excluding retained profits

Foreign currency risk

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

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

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

Foreign currency risk *(continued)*

	Increase/ (decrease) in rates	**Decrease/ (increase) in loss before tax HK$'000**
2022		
If HK$ weakens against RMB	**10%**	**56,660**
If HK$ strengthens against RMB	**(10%)**	**(56,660)**
If HK$ weakens against GBP	**10%**	**14,951**
If HK$ strengthens against GBP	**(10%)**	**(14,951)**
If HK$ weakens against AUD	**10%**	**6,170**
If HK$ strengthens against AUD	**(10%)**	**(6,170)**

	Increase/ (decrease) in rates	Decrease/ (increase) in loss before tax HK$'000
2021		
If HK$ weakens against RMB	10%	64,205
If HK$ strengthens against RMB	(10%)	(64,205)
If HK$ weakens against GBP	10%	(65,242)
If HK$ strengthens against GBP	(10%)	65,242
If HK$ weakens against AUD	10%	6,621
If HK$ strengthens against AUD	(10%)	(6,621)

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

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those monetary assets and liabilities held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency.

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

Credit risk

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2022

	12-month ECLs	**Lifetime ECLs**			
	Stage 1 HK$'000	**Stage 2 HK$'000**	**Stage 3 HK$'000**	**Simplified approach HK$'000**	**Total HK$'000**
Trade receivables	**–**	**–**	**–**	**9,120**	**9,120**
Financial assets included in prepayments, deposits and other receivables					
– Normal*	**36,271**	**–**	**–**	**–**	**36,271**
– Doubtful*	**–**	**–**	**1,254,155**	**–**	**1,254,155**
Pledged deposits	**23,507**	**–**	**–**	**–**	**23,507**
Restricted bank balances	**140,857**	**–**	**–**	**–**	**140,857**
Cash and cash equivalents	**1,745,403**	**–**	**–**	**–**	**1,745,403**
	1,946,038	**–**	**1,254,155**	**9,120**	**3,209,313**

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables	–	–	–	21,690	21,690
Loans and interest receivables	52,469	–	–	–	52,469
Financial assets included in prepayments, deposits and other receivables					
– Normal*	10,038	–	–	–	10,038
– Doubtful*	–	1,444,056	–	–	1,444,056
Pledged deposits	574,581	–	–	–	574,581
Restricted bank balances	88,202	–	–	–	88,202
Cash and cash equivalents	4,357,747	–	–	–	4,357,747
	5,083,037	1,444,056	–	21,690	6,548,783

* The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

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

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual listed equity investments included in financial assets at fair value through profit or loss (note 19) as at 31 December 2022. The Group's listed investments are listed on the Stock Exchange and are valued at quoted market prices at the end of the reporting period.

The market equity index for the Stock Exchange at the close of business of the nearest trading day in the year to the end of the reporting period, and its respective highest and lowest points during the year are as follows:

	31 December 2022	**High/low 2022**	31 December 2021	High/low 2021
Hong Kong – Hang Seng Index	**19,781**	**25,051/14,597**	23,398	31,183/22,665

The following table demonstrates the sensitivity to every 10% decrease (2021: 10% decrease) in the fair values of the listed equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	Carrying amount of equity investments HK$'000	**Increase in loss before tax HK$'000**
2022		
Equity investments listed in Hong Kong:		
– Financial assets at fair value through profit or loss	**214,845**	**21,485**

	Carrying amount of equity investments HK$'000	Increase in loss before tax HK$'000
2021		
Equity investments listed in Hong Kong:		
– Financial assets at fair value through profit or loss	274,768	27,477

The Group's management manages the above exposure by maintaining a well-diversified investment portfolio.

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

Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents and available funding through an adequate amount of committed credit facilities to meet its projected cash flows from operations.

The maturity profile of the Group's non-derivative financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay, was as follows:

	2022				
	On demand HK$'000	**Within 1 year HK$'000**	**1 to 2 years HK$'000**	**3 to 5 years HK$'000**	**Total HK$'000**
Interest-bearing bank and other borrowings	**–**	**627,386**	**1,815,236**	**7,573,758**	**10,016,380**
Lease liabilities	**–**	**12,914**	**12,914**	**16,427**	**42,255**
Notes payable	**–**	**120,900**	**120,900**	**2,445,900**	**2,687,700**
Financial liabilities included in other payables and accruals (excluding lease liabilities)	**147,732**	**150,743**	**–**	**–**	**298,475**
	147,732	**911,943**	**1,949,050**	**10,036,085**	**13,044,810**
Financial guarantees issued: Maximum amount guaranteed	**5,141,356**	**–**	**–**	**–**	**5,141,356**

	2021				
	On demand HK$'000	Within 1 year HK$'000	1 to 2 years HK$'000	3 to 5 years HK$'000	Total HK$'000
Interest-bearing bank and other borrowings (Note)	536,900	8,817,186	86,692	1,444,040	10,884,818
Lease liabilities	–	7,253	1,538	2,178	10,969
Notes payable	–	120,900	120,900	2,566,800	2,808,600
Financial liabilities included in other payables and accruals (excluding lease liabilities)	130,901	106,334	–	–	237,235
	667,801	9,051,673	209,130	4,013,018	13,941,622
Financial guarantees issued: Maximum amount guaranteed	5,655,314	–	–	–	5,655,314

Note:

As at 31 December 2021, included in interest-bearing bank and other borrowings of the Group are term loan of principal amount of HK$10,500,000 and revolving loan of principal amount of HK$526,400,000, of which the respective loan agreements contain a repayment on demand clause giving the banks the unconditional right to call in the loans at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand" and these loans will be repaid within one year in accordance with the maturity dates as set out in the respective loan agreements.

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

Liquidity risk *(continued)*

Note: *(continued)*

In accordance with the terms of the bank loans, the contractual undiscounted payments (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) are as follows:

	Within 1 year HK$'000	1 to 2 years HK$'000	3 to 5 years HK$'000	Total HK$'000
31 December 2021	537,251	–	–	537,251

Interest rate benchmark reform

As at 31 December 2021, the Group had certain interest-bearing bank borrowings and interest rate swaps denominated in GBP. The interest rates of these instruments are based on LIBOR, which will cease to be published in the future. Replacement of the benchmark rates of these instruments from LIBOR to an RFR is expected upon the refinancing of corresponding bank borrowings. During the transition, the Group is exposed to the following risks:

- Parties to the contract may not reach agreement in a timely manner as any changes to the contractual terms require the agreement of all parties to the contract;
- Additional time may be needed for the parties to the contract to reach agreement as they may renegotiate terms which are not part of the interest rate benchmark reform (e.g., changing the credit spread of the bank borrowings due to changes in credit risk of the Group); and
- The existing fallback clause included in the instruments may not be adequate to facilitate a transition to a suitable RFR.

The Group will continue to monitor the development of the reform and take proactive measures for a smooth transition.

The information about financial instruments based on an interbank offered rate that has yet to transition to an alternative benchmark rate is as follows:

As at 31 December 2021

	Non-derivative financial liabilities – carrying value HK$'000	Derivatives – nominal amount HK$'000
Interest-bearing bank borrowings – GBP LIBOR	6,531,111	–
Interest rate swaps – GBP LIBOR	–	5,242,944
	6,531,111	5,242,944

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

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

The Group monitors capital using a net gearing ratio, which is net debts divided by equity attributable to owners of the parent. Net debts include interest-bearing bank and other borrowings and notes payable, less cash and bank balances and time deposits. The net gearing ratios as at the end of the reporting periods were as follows:

	2022 **HK$'000**	2021 HK$'000
Interest-bearing bank and other borrowings (note 26)	**8,406,892**	10,702,970
Notes payable (note 27)	**2,313,014**	2,308,613
Less: Cash and bank balances, time deposits and deposits with brokerage companies (note 23)	**(1,909,767)**	(5,020,530)
Net debts	**8,810,139**	7,991,053
Equity attributable to ordinary equity holders of the parent	**14,891,524**	18,440,423
Net gearing ratio	**59.2%**	43.3%

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS		
Property and equipment	**15**	22
Golf club membership	**10,540**	10,540
Investments in subsidiaries	**1,000,390**	1,000,390
Total non-current assets	**1,010,945**	1,010,952
CURRENT ASSETS		
Prepayments, deposits and other receivables	**944**	938
Due from subsidiaries	**13,465,811**	13,327,135
Cash and cash equivalents	**150**	281
Total current assets	**13,466,905**	13,328,354
CURRENT LIABILITIES		
Other payables and accruals	**63,936**	48,234
Interest-bearing bank borrowings	**–**	1,829,127
Total current liabilities	**63,936**	1,877,361
NET CURRENT ASSETS	**13,402,969**	11,450,993
TOTAL ASSETS LESS CURRENT LIABILITIES	**14,413,914**	12,461,945
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**1,322,914**	–
Net assets	**13,091,000**	12,461,945
EQUITY		
Issued capital	**388,233**	388,233
Reserves (Note)	**12,702,767**	12,073,712
Total equity	**13,091,000**	12,461,945

Cheung Chung Kiu
Director

Lam How Mun Peter
Director

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2021	11,977,078	257,747	12,234,825
Total comprehensive loss for the year	–	(83,466)	(83,466)
Final 2020 dividend approved	–	(77,647)	(77,647)
At 31 December 2021 and 1 January 2022	**11,977,078**	**96,634**	**12,073,712**
Total comprehensive income for the year	**–**	**706,702**	**706,702**
Final 2021 dividend approved	**–**	**(77,647)**	**(77,647)**
At 31 December 2022	**11,977,078**	**725,689**	**12,702,767**

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 24 March 2023.

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years as extracted from the published audited financial statements is set out below.

RESULTS

	Year ended 31 December				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**498,368**	648,051	588,815	564,636	651,104
PROFIT/(LOSS) BEFORE TAX	**(1,905,729)**	(93,053)	622,201	401,766	190,570
Income tax credit/(expense)	**(34,612)**	583,132	(34,033)	12,257	(19,471)
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	**(1,940,341)**	490,079	588,168	414,023	171,099

ASSETS AND LIABILITIES

	At 31 December				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Property and equipment	**170,521**	177,527	249,204	301,405	105,681
Investment properties	**12,149,321**	15,239,280	15,327,772	14,902,298	14,394,511
Golf club membership	**10,540**	10,540	10,540	10,540	10,540
Investments in joint ventures	**8,601,789**	7,254,252	4,700,270	2,589,186	2,736,999
Investments in associates	**1,746,271**	1,420,141	517,938	574,221	914,929
Financial assets at fair value through other comprehensive income	**–**	–	2,842,090	816,872	1,291,140
Financial assets at fair value through profit or loss	**–**	–	1,850,497	605,720	1,445,963
Prepayments, deposits and other receivables	**4,559**	814,008	5,567	8,052	280,808
Derivative financial instruments	**131,452**	–	–	3,247	72,394
Deferred tax assets	**–**	8,766	986	2,312	4,938
Non-current assets	**22,814,453**	24,924,514	25,504,864	19,813,853	21,257,903
Current assets	**3,382,576**	7,038,246	8,635,663	9,665,082	7,180,954
Current liabilities	**(745,208)**	(9,721,532)	(1,771,932)	(2,134,276)	(3,567,258)
Net current assets/(liabilities)	**2,637,368**	(2,683,286)	6,863,731	7,530,806	3,613,696
Non-current liabilities	**(10,560,297)**	(3,800,805)	(11,954,322)	(9,838,271)	(7,748,109)
Equity attributable to ordinary equity holders of the parent	**14,891,524**	18,440,423	20,414,273	17,506,388	17,123,490

PROPERTY INTEREST HELD BY THE GROUP FOR INVESTMENT

Property Name	Property Location	Usage	Attributable Area (sqf)	Tenure	The Group's Interest
One Kingdom Street	One Kingdom Street, London W2 6BD, United Kingdom	Office and Car parking spaces	265,000	Freehold Interest	100%
The Leadenhall Building	122 Leadenhall Street, London EC3V 4AB, United Kingdom	Office, Retail and Car parking spaces	610,000	Freehold Interest	100%

Definitions

"AGM"	the annual general meeting of the Company to be held on 22 May 2023
"AUD"	Australian dollars, the lawful currency of Australia
"Australia"	the Commonwealth of Australia
"Board"	the board of Directors
"Bye-laws"	the bye-laws of the Company
"CG Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Companies Act"	Companies Act 1981 of Bermuda as amended from time to time
"Company"	C C Land Holdings Limited
"Director(s)"	the director(s) of the Company
"ESG"	Environmental, Social and Governance
"GBP"	British Pound Sterling, the lawful currency of the United Kingdom of Great Britain and Northern Ireland
"Group"	the Company and its subsidiaries
"HIBOR"	Hong Kong Interbank Offered Rate
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of the PRC
"kWh"	Kilowatt hour
"LIBOR"	London Interbank Offered Rate
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Appendix 10 to the Listing Rules
"PRC" or "China" or "Mainland China"	The People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company
"sqf"	square feet
"SONIA"	Sterling Overnight Index Average
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"UK"	United Kingdom, the United Kingdom of Great Britain and Northern Ireland
"US$" or "USD"	United States dollars, the lawful currency of the United States of America
"%"	per cent