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## **C C Land Holdings Limited**

**中渝置地控股有限公司**

*(Incorporated in Bermuda with limited liability)*

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

(Stock Code: 1224)

### **ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017**

The board of directors (the “Board”) of C C Land Holdings Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2017 together with comparative figures for the previous year as follows:

#### **CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	Notes	<b>2017</b> <b>HK\$'000</b>	2016 HK\$'000
REVENUE	3, 4	<b>464,561</b>	1,129,416
Cost of sales		<u><b>(18,105)</b></u>	<u>(733,438)</u>
Gross profit		<b>446,456</b>	395,978
Other income and gains	4	<b>445,557</b>	143,038
Selling and distribution expenses		<b>(713)</b>	(20,007)
Administrative expenses		<b>(333,166)</b>	(201,955)
Other expenses		<b>(102,833)</b>	(602,494)
Finance costs	5	<b>(152,986)</b>	(10,641)
Share of profits and losses of:			
Joint ventures		<b>1,652</b>	(33,078)
Associates		<u><b>(474)</b></u>	<u>39,270</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>	6	<b>303,493</b>	(289,889)
Income tax expense	7	<u><b>(11,617)</b></u>	<u>(66,867)</u>
<b>PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>		<u><b>291,876</b></u>	<u>(356,756)</u>
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	9		(Restated)
Basic and diluted		<u><b>HK8.42 cents</b></u>	<u>(HK13.74 cents)</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2017 HK\$'000	2016 HK\$'000
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>291,876</b>	<b>(356,756)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Available-for-sale investments:		
Changes in fair value	555,647	(558,672)
Deferred tax	(16,836)	-
Reclassification adjustment for losses/(gain) included in the consolidated statement of profit or loss		
- losses/(gain) on disposal, net	(13,248)	48,142
- impairment loss	78,949	152,420
	<b>604,512</b>	<b>(358,110)</b>
Exchange differences:		
Release upon disposal of subsidiaries	1,748	54,511
Exchange differences on translation of foreign operations	674,936	(50,443)
Cash flow hedges – effective portion of change in fair value of hedging instruments during the year	(578,515)	-
	<b>98,169</b>	<b>4,068</b>
Release of other comprehensive income of an associate upon disposal of subsidiaries	-	(2,166)
Share of other comprehensive income of joint ventures	(1,787)	(2,298)
Share of other comprehensive income of associates	2,525	(4,800)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	<b>703,419</b>	<b>(363,306)</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b>703,419</b>	<b>(363,306)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>995,295</b>	<b>(720,062)</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2017 HK\$'000	2016 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property and equipment		99,815	103,837
Investment properties		15,228,933	-
Golf club membership		10,540	10,540
Investments in joint ventures		3,358,046	319,907
Investments in associates		227,116	142,666
Available-for-sale investments		2,687,399	2,963,697
Derivative financial instruments		44,739	-
Total non-current assets		21,656,588	3,540,647
<b>CURRENT ASSETS</b>			
Properties under development		-	246,595
Completed properties held for sale		-	306,947
Trade receivables	10	5,308	-
Loans and interest receivables	11	130,452	237,522
Prepayments, deposits and other receivables		91,274	1,982,375
Equity investments at fair value through profit or loss		310,874	581,295
Prepaid income tax and land appreciation tax		2,715	22,328
Deposits with brokerage companies		12,790	168,989
Pledged deposits		5,072,750	-
Restricted bank balances		168,302	38,926
Cash and cash equivalents		4,719,984	7,510,847
Total current assets		10,514,449	11,095,824
<b>CURRENT LIABILITIES</b>			
Trade payables	12	-	116,352
Other payables and accruals		733,627	222,704
Derivative financial instrument		86,915	-
Interest-bearing bank and other borrowings		7,164,578	112,208
Tax payable		852,497	892,523
Total current liabilities		8,837,617	1,343,787
<b>NET CURRENT ASSETS</b>		<b>1,676,832</b>	<b>9,752,037</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>23,333,420</b>	<b>13,292,684</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		6,470,533	-
Deferred tax liabilities		17,138	23,896
Total non-current liabilities		6,487,671	23,896
Net assets		<b>16,845,749</b>	<b>13,268,788</b>
<b>EQUITY</b>			
Issued capital	13	388,233	258,822
Reserves		16,457,516	13,009,966
Total equity		<b>16,845,749</b>	<b>13,268,788</b>

Notes:

## 1. BASIS OF PREPARATION

The Company is incorporated in Bermuda as an exempted company with limited liability and whose shares are publicly traded on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The principal activities of the Group are described in note 3 below.

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

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to HKFRS 12 included in <i>Annual Improvements to HKFRSs 2014-2016 Cycle</i>	<i>Disclosure of Interests in Other Entities: Clarification of the Scope HKFRS 12</i>

The nature and the impact of the amendments are described below:

- (a) Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.
- (b) Amendments to HKAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, need to consider whether tax law restricts the sources of taxable profit against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provided guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have had no impact on the financial position or performance of the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.
- (c) Amendments to HKFRS 12 clarify that the disclosure requirements in HKFRS 12, other than those disclosure requirements in paragraphs B10 to B16 of HKFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate, or a portion of its interest in a joint venture or an associate that is classified as held for sale or included in a disposal group classified as held for sale. The amendments have had no impact on the Group’s financial statements.

### 3. OPERATING SEGMENT INFORMATION

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

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

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

Information regarding the reportable segments is presented below.

#### Reportable segment information

##### **Year ended 31 December 2017**

	<b>Property development and investment HK\$'000</b>	<b>Treasury investment HK\$'000</b>	<b>Total HK\$'000</b>
<b>Segment revenue</b>			
Sales to external customers	<b>362,591</b>	<b>101,970</b>	<b>464,561</b>
<b>Segment results</b>	<b>563,280</b>	<b>(41,660)</b>	<b>521,620</b>
Corporate and unallocated expenses			<b>(65,141)</b>
Finance costs			<b>(152,986)</b>
Profit before tax			<b>303,493</b>
<b>Other segment information:</b>			
Share of profits/(losses) of:			
Joint ventures	<b>1,652</b>	-	<b>1,652</b>
Associates	<b>(474)</b>	-	<b>(474)</b>
Capital expenditure in respect of items of property and equipment	<b>1,572</b>	-	<b>1,572</b>
Depreciation	<b>4,192</b>	-	<b>4,192</b>
Fair value gains on derivative financial instruments	<b>44,928</b>	-	<b>44,928</b>
Fair value gains on investment properties, net	<b>33,245</b>	-	<b>33,245</b>
Fair value losses on equity investments at fair value through profit or loss, net	-	<b>4,159</b>	<b>4,159</b>
Impairment of an available-for-sale investment	-	<b>78,949</b>	<b>78,949</b>
Investments in joint ventures	<b>3,358,046</b>	-	<b>3,358,046</b>
Investments in associates	<b>227,116</b>	-	<b>227,116</b>

Year ended 31 December 2016

	Property development and investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
<b>Segment revenue</b>			
Sales to external customers	881,660	247,756	1,129,416
<b>Segment results</b>	(70,732)	(154,305)	(225,037)
Corporate and unallocated expenses			(54,211)
Finance costs			(10,641)
Loss before tax			(289,889)
<b>Other segment information:</b>			
Share of profits/(losses) of:			
Joint ventures	(33,078)	-	(33,078)
Associates	39,270	-	39,270
Capital expenditure in respect of items of property and equipment	87,720	-	87,720
Depreciation	4,169	-	4,169
Fair value losses on equity investments at fair value through profit or loss, net	-	195,271	195,271
Impairment of an available-for-sale investment	-	152,420	152,420
Write-down of completed properties held for sale to net realisable value	3,305	-	3,305
Write-down of properties under development to net realisable value	1,910	-	1,910
Investments in joint ventures	319,907	-	319,907
Investments in associates	142,666	-	142,666

Geographical information

(a) Revenue from external customers

	2017 HK\$'000	2016 HK\$'000
United Kingdom	342,891	-
Mainland China	92,666	881,660
Hong Kong	29,004	247,756
	<b>464,561</b>	<b>1,129,416</b>

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

(b) Non-current assets

	2017 HK\$'000	2016 HK\$'000
United Kingdom	18,475,123	-
Mainland China	95,617	144,817
Hong Kong	197,621	432,133
Australia	156,089	-
	<u>18,924,450</u>	<u>576,950</u>

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

Information about major customers

Revenue of HK\$59,114,000 and HK\$47,539,000 (2016: Nil) were derived from rental income of two customers in the property development and investment segment.

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

Revenue represents gross proceeds from sales of properties, net of business tax and other sales related taxes from the sales of properties; gross rental income received and receivable from investment properties; gains/losses on disposal of equity investments at fair value through profit or loss, net; dividend and interest income from listed and unlisted investments; and interest income from loans receivable during the year.

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

	2017 HK\$'000	2016 HK\$'000
<u>Revenue</u>		
Sales of properties	19,700	881,660
Gross rental income	342,891	-
Gains/(losses) on disposal of equity investments at fair value through profit or loss, net	(17,474)	14,272
Dividend income from listed equity investments	10,406	93,580
Dividend income from unlisted equity investments	72,966	-
Interest income from debt investments	10,988	102,183
Interest income from loans receivable	25,084	37,721
	<u>464,561</u>	<u>1,129,416</u>

	2017 HK\$'000	2016 HK\$'000
<u>Other income and gains</u>		
Bank interest income	17,309	29,967
Other interest income	32,624	54,927
Gains on bargain purchase on acquisition of subsidiaries	101,572	-
Gain on disposal of a joint venture	84,720	-
Fair value gains on derivative financial instruments	44,928	-
Fair value gains on investment properties, net	33,245	-
Gains on disposal of available-for-sale investments	13,248	-
Compensation from a contractor	11,346	-
Gain on disposal of subsidiaries, net	-	57,566
Gain on disposal of items of property and equipment	176	186
Exchange gains, net	106,335	-
Others	54	392
	<u>445,557</u>	<u>143,038</u>

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

	2017 HK\$'000	2016 HK\$'000
Interest on bank and other borrowings	152,986	16,372
Less: Interest capitalised	-	(5,731)
	<u>152,986</u>	<u>10,641</u>

## 6. PROFIT/(LOSS) BEFORE TAX

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

	2017 HK\$'000	2016 HK\$'000
Cost of properties sold	15,356	728,223
Write-down of completed properties held for sale to net realisable value*	-	3,305
Write-down of properties under development to net realisable value*	-	1,910
Depreciation	4,192	4,169
Less: Amount capitalised	(25)	(231)
	<u>4,167</u>	<u>3,938</u>
Minimum lease payments under operating leases	8,895	8,735
Auditor's remuneration	5,253	3,200



Employee benefit expense (including directors' remuneration):		
Wages and salaries	<b>161,259</b>	139,331
Pension scheme contributions	<b>4,571</b>	4,390
Less: Amount capitalised	<b>(534)</b>	(7,023)
	<b>165,296</b>	136,698
Foreign exchange differences, net	<b>(106,335)</b>	111,284
Gross rental income	<b>(342,891)</b>	-
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	<b>2,749</b>	-
Net rental income	<b>(340,142)</b>	-

\* These amounts are included in "Cost of sales" in the consolidated statement of profit or loss.

## 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable in elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Current charge for the year		
Hong Kong	<b>522</b>	22,528
Mainland China	<b>7,660</b>	65,981
United Kingdom	<b>9,256</b>	-
Overprovision in prior years		
Hong Kong	<b>(363)</b>	-
Mainland China	<b>(2,245)</b>	(26,392)
Land appreciation tax credit	-	(13,198)
Deferred tax	<b>(3,213)</b>	17,948
Total tax charge for the year	<b>11,617</b>	66,867

## 8. DIVIDENDS

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Proposed final: HK\$0.02 (2016: Nil) per ordinary share	<b>77,647</b>	-

The final dividend for the year ended 31 December 2017 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 2017 and 2016.

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

The calculation of the basic earnings/(loss) per share amount 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.

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted earnings per share for both years has been adjusted retrospectively to reflect the impact of the Rights Issue (as defined in note 13 below) completed on 28 April 2017.

No adjustment has been made to the basic earnings/(loss) per share presented for the years ended 31 December 2017 and 2016 in respect of a dilution as the share options outstanding had no dilutive effect on the basic earnings/(loss) per share amounts presented.

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

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
<u>Earnings/(loss)</u>		
Profits/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation	<b>291,876</b>	(356,756)
	<u><u>291,876</u></u>	<u><u>(356,756)</u></u>
<u>Number of shares</u>		
	<b>2017</b>	2016
		(Restated)
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings/(loss) per share calculation	<b>3,466,735,021</b>	2,596,793,387
	<u><u>3,466,735,021</u></u>	<u><u>2,596,793,387</u></u>

## 10. TRADE RECEIVABLES

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Trade receivables	<b>5,308</b>	-
	<u><u>5,308</u></u>	<u><u>-</u></u>

The trade receivables primarily include rental receivables which are normally due on the first day of the billing period. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management.

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

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Within 1 month	<b>4,230</b>	-
3 to 6 months	<b>1,078</b>	-
	<u><u>5,308</u></u>	<u><u>-</u></u>

An ageing analysis of the trade receivables that are not considered to be impaired is as follows:

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Neither past due nor impaired	<b>2,192</b>	-
Less than 1 month past due	<b>2,038</b>	-
3 to 6 months past due	<b>1,078</b>	-
	<u><b>5,308</b></u>	<u>-</u>

Receivables that were neither past due nor impaired related to a customer for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a customer that has a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

## 11. LOANS AND INTEREST RECEIVABLES

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Loans and interest receivables, secured	<b>130,452</b>	136,503
Loans and interest receivables, unsecured	-	101,019
	<u><b>130,452</b></u>	<u>237,522</u>

Note:

These loans receivable are stated at amortised cost at effective interest rates ranging from 12% to 18% per annum. The credit terms of these loans receivable range from 1 month to 12 months. As these loans receivable relate to a number of different borrowers, the directors are of the opinion that there is no concentration of credit risk over these loans receivable. The carrying amounts of these loans receivable approximate to their fair values.

At 31 December 2017 and 2016, all the loans and interest receivables are not past due, and not individually nor collectively considered to be impaired, and relate to a number of independent loan borrowers for whom there was no recent history of default.

## 12. TRADE PAYABLES

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

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Within 1 year	<u>-</u>	<u>116,352</u>

The trade payables were non-interest-bearing and repayable within the normal operating cycle.

### 13. SHARE CAPITAL

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Authorised:		
5,000,000,000 (2016: 5,000,000,000) ordinary shares of HK\$0.10 (2016: HK\$0.10) each	<u><b>500,000</b></u>	<u>500,000</u>
Issued and fully paid:		
3,882,334,668 (2016: 2,588,223,112) ordinary shares of HK\$0.10 (2016: HK\$0.10) each	<u><b>388,233</b></u>	<u>258,822</u>

On 28 April 2017, the Company completed a rights issue of one rights share for every two shares of the Company then held by qualifying shareholders at an issue price of HK\$2.00 per rights share (the "Rights Issue") and a total of 1,294,111,556 rights shares were issued at a total cash consideration, before expenses, of HK\$2,588,223,000.

As a result of the Rights Issue, the issued share capital of the Company increased from 2,588,223,112 shares of HK\$0.10 each to 3,882,334,668 shares of HK\$0.10 each. Details of the Rights Issue were disclosed in the Company's announcement dated 14 March 2017 and prospectus dated 3 April 2017.

### RESULTS

The Group achieved a consolidated revenue of HK\$464.6 million, representing a decrease of approximately 58.9% compared to HK\$1,129.4 million in 2016. The Group's net profit for the year was HK\$291.9 million (2016: a net loss of HK\$356.8 million). The profit attributable to shareholders for the year was HK\$291.9 million (2016: a loss attributable to shareholders of HK\$356.8 million). The basic earnings per share for the year was HK8.42 cents (2016 restated: a basic loss per share of HK13.74 cents).

### FINAL DIVIDEND

The directors are pleased to recommend a final dividend of HK\$0.02 (2016: Nil) per ordinary share to shareholders who are registered on the Register of Members of the Company at the close of business on 30 May 2018. Subject to approval at the forthcoming annual general meeting ("AGM"), dividend warrant will be sent to shareholders on or about 8 June 2018.

### CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on Monday, 21 May 2018. A notice of the AGM will be published and dispatched to the shareholders in the manner as required under the Listing Rules in due course.

The Register of Members of the Company will be closed from Wednesday, 16 May 2018 to Monday, 21 May 2018, both days inclusive, for determining the eligibility of shareholders for attending and voting at the AGM. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates should be lodged for registration with Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m., Tuesday, 15 May 2018.

The Register of Members of the Company will also be closed from Monday, 28 May 2018 to Wednesday, 30 May 2018, 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., Friday, 25 May 2018.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group recorded a revenue of HK\$464.6 million in 2017, a decrease of 58.9% compared to HK\$1,129.4 million in 2016. The substantial drop on revenue was due to the strategic disposals of property development projects in previous years and as a result, the number of properties available for sale became smaller. The Group however recorded a turnaround full year net profit of HK\$291.9 million from a net loss of HK\$356.8 million in 2016 which were attributable to a number of the following positive factors:- the rental income of HK\$342.9 million (2016: Nil) from its investment properties in the United Kingdom acquired in 2017, the gains on revaluation of investment properties of HK\$33.2 million; an one-off gain amounting to HK\$101.6 million mainly resulting from the rental top up received from the vendors of The Leadenhall Building; the gain on disposal of a joint venture in the amount of HK\$84.7 million (2016: Nil); substantial reduction in net fair value losses on equity investments at fair value through profit or loss by HK\$191.1 million to HK\$4.2 million; aggregate net losses from disposal and impairment of available-for-sale investments substantially decreased by HK\$134.9 million to HK\$65.7 million; net exchanges gains of HK\$106.3 million (2016: net losses of HK\$111.3 million); and, partially offset by the one-off costs of approximately HK\$89.5 million in relation to the acquisition of the London projects.

The treasury investment segment recorded realized losses of HK\$17.5 million (2016: realized gains of HK\$14.3 million) and realized gains of HK\$13.2 million (2016: realized losses of HK\$48.1 million) on disposal of equity investments at fair value through profit and loss and available-for-sale investments respectively as a result of the volatility in the equity market in Hong Kong. The fair value losses on equity investment at fair value through profit and loss were HK\$4.2 million in 2017 (2016: HK\$195.3 million).

### **Revenue and Operating Profit**

The Group's property business had largely focused on the Western China market in the past. The strategic disposals of the PRC property development projects in the second half of 2016 led to a substantial decline of property sales revenue to HK\$19.7 million from HK\$881.7 million in 2016. The total booked gross floor area was 3,900 square meters ("sqm") (2016: 164,400 sqm). The booked gross profit margin for the year was 22% (2016: 17%).

Our financial results for the year reflected the Group's successful shift from property development to property investment. The Group's revenue for the year 2017 was HK\$464.6 million, down 58.9% from HK\$1,129.4 million in 2016. The Group's completed acquisitions of One Kingdom Street in January and of The Leadenhall Building in May 2017 contributed a significant increase in rental income for the Group, amounting to HK\$342.9 million (2016: Nil).

The profit attributable to shareholders was HK\$291.9 million. The operating profit, however, has been adversely affected by the one-off cost of HK\$89.5 million incurred on the above acquisitions. Since these costs are not recurring in nature, only the year under review is affected.

With the further acquisitions of two development projects through joint ventures and partnerships, both of which are in London, the United Kingdom, the Group's business in the future will include both property investment and development activities.

### **Investment Properties**

During the year, the Group owns two office buildings in the United Kingdom and one office building in Australia for rental income.

### **United Kingdom**

London is one of the key financial centers in the world. Although Brexit has created some uncertainties in the future of the United Kingdom, the London property market still attracts investors from all over the world.

As at 31 December 2017, the Group had acquired two commercial properties in London, the United Kingdom, namely The Leadenhall Building and, One Kingdom Street. The Group holds 100% interest in these two properties. Together, the two commercial properties comprise approximately 875,000 square feet (“sqf”) of gross floor area, and were fully leased out as at 31 December 2017.

During the year 2017, the Group generated a rental income of HK\$342.9 million (2016: Nil) from its investment properties in the United Kingdom.

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

Acquisition of the building was completed on 25 May 2017, marking a new milestone for the Group in its effort to expand into the global real estate market. The Leadenhall Building is an iconic award-winning building situated in the prime financial and insurance district of London. Completed in 2014, The Leadenhall Building is a world class skyscraper and office tower boasting an impressive lease portfolio commanding strong recurrent rentals and will be held by the Group as an investment property for long term capital growth. It is a commercial tower with over 46 floors, comprising approximately 610,000 sqf of office and retail space and is fully multi-let with a weighted average unexpired lease term of approximately 12 years with over 9 years on a term-certain basis. The building’s tenant base includes a number of major international insurance companies alongside with other financial institutions, technology, and professional service businesses. The property occupies a site of 0.94 acre (0.38 hectares) and rises to 736 feet in height. The current annual rental income of The Leadenhall Building is in the region of GBP40.2 million. As at year end of 2017, all of the office space was leased. The rental yield is approximately 3.5% per annum. Given the building’s design and its list of reputable tenants and nature of the leases, a strong recurring rental income is guaranteed for the Group, as well as providing great potentials for long term capital growth. This acquisition forms a solid base for the Group’s property investment in the United Kingdom, affirms the Group’s presence in the international property markets, and helps boost the chances of potential investments of the Group in other major global cosmopolitan cities. It is in line with the business strategy of the Group to invest in quality property projects in mature cities globally.

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

The acquisition of the building was completed on 27 January 2017. The One Kingdom Street building is located in the Paddington area. It provides approximately 265,000 sqf of Grade A office accommodation and some parking spaces, with a current annual rental income of approximately GBP14.5 million, equivalent to an annual yield of 4.9%. The building is fully leased to reputable major tenants and most of the tenancies will have rent reviews in 2018.

One Kingdom Street is positioned between a railway line, a major thorough road, and two bridges with high traffic volume, and is within a few minutes’ walking distance from the Paddington Station in Central London. With the coming of the Crossrail System, the Paddington area will become an important hub in London’s West End.

The building forms part of the Paddington Central Redevelopment Scheme. The area is currently undergoing renovation, with many new developments springing up alongside the railway and canal, reviving the surrounding districts.

## **Australia**

### ***72 Christie Street, St Leonards***

Constructed in 1990, 72 Christie Street, St Leonards is a modern Grade A office building in which the Group has an effective interest of 34.5%, consisting of about 119,510 sqf of office accommodation over 8 floors and 220 underground secured car bays on a site of 30,289 sqf. The investment cost of the Group is approximately HK\$123 million.

St Leonards is an established office area, located approximately 2 km from North Sydney CBD, and approximately 7 km from Sydney CBD. The property is in close proximity to the Pacific Highway and the St Leonards Railway Station/Forum Retail Complex, which provides excellent access to all major transport links and retail amenity.

The building became vacant in July 2017. The premises and part of the common areas are undergoing infrastructure work. To date, a binding lease to occupy 65% leaseable area of the building has been entered into with a reputable tenant on a ten years term (with an option to break after eighth year) commencing 1 May 2018 at market rent.

### **Development Properties**

As at 31 December 2017, the Group's development project includes a 50% interests in the Nine Elms Square Project in London, United Kingdom.

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

Nine Elms Square is located at central London, on the south bank of the Thames River. It is a regeneration area and forms part of the wider site of the New Covent Garden Market. This project which acquired at a consideration of GBP520 million will be developed in two phases. The first phase development is expected to commence in the third quarter of 2018 and tentatively be completed in 2021. When fully developed, it will provide about 1,900 residential units with a total saleable area of circa 1.7 million sqf, with many of the units commanding a beautiful river view.

The site is located close to the new United States Embassy, and includes the New Covent Garden Market – the largest fresh produce market in the United Kingdom. It has attractive surrounding amenities and easy access transport facility. It also includes almost 3 km of Thames river frontage, which is lined with restaurants facilities, cultural attractions, public spaces and with a new linear green park running right through the area from east to west.

The transport improvement for this area includes two new Northern Line stations (Nine Elms and Battersea Stations) directly linking to the West End, City and North London. The new stations are due to be operational in 2020.

### **Commercial Development Project**

In December 2017, the Group entered into a partnership agreement to acquire a commercial development project in London, United Kingdom. The Group has a 35% interests in this project. The acquisition is expected to be completed in the first half of 2018. The project will provide approximately 1.1 million sqf of office and retail spaces.

### **Treasury Investment Business**

The treasury investment segment recorded a loss of HK\$43.5 million (2016: a loss of HK\$172.1 million). The dividends and interests earned from investments and loans receivable amounted to HK\$119.4 million (2016: HK\$233.5 million). The realized losses and unrealized losses on equity investments at fair value through profit or loss amounted to HK\$17.5 million and HK\$4.2 million respectively (2016: realized gains HK\$14.3 million and unrealized loss of HK\$195.3 million respectively). Impairment loss on available-for-sale investment has been substantially reduced by HK\$73.5 million to HK\$78.9 million.

## **CORPORATE STRATEGY AND OUTLOOK**

The Group intends to continue growing its business by seeking new opportunities with its expertise and experience to achieve attractive returns. This may be done on its own or by leveraging local expertise from going into joint venture with other developers.

With about HK\$4.7 billion available cash as at 31 December 2017 on its balance sheet, the Group is actively looking to increase and/or develop its land bank. The emerging trend of global economic growth is in line with its strategic moves to explore overseas investment opportunities, acquire land for development, and invest in property development projects, including China and Hong Kong.

Whilst the Group remains focused on deriving long-term value from its two unique central London properties, it aims to create and grow value through a combination of asset management, strategic investment and selective development. The Group will continue to provide a high standard of property management services to its tenants. There is potentially much upside in the rental income when the tenancies of these two buildings are up for rent review.

## FINANCIAL REVIEW

### Investments

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

The Group invested surplus cash in a diversified portfolio of listed equity securities, unlisted investment funds and debt instruments. As at 31 December 2017, the portfolio of investments comprised of listed equity securities, unlisted investment funds and debt instruments with an aggregate carrying value of HK\$2,998.3 million (31 December 2016: HK\$3,545.0 million) which is listed in the table below:

	31 December 2017 HK\$' million	31 December 2016 HK\$' million
<b>Equity investments at fair value through profit or loss</b>		
Listed equity securities	310.9	581.3
<b>Available-for-sale investments</b>		
Listed equity securities	756.4	433.4
Debt instrument/Perpetual security	201.8	930.0
Unlisted investment funds	1,729.2	1,600.3
Sub-total	<u>2,687.4</u>	<u>2,963.7</u>
Total	<u>2,998.3</u>	<u>3,545.0</u>

The carrying principal amount of the perpetual security of US\$120 million was fully redeemed by the China Evergrande Group, a leading PRC property developer listed on the main board of the Stock Exchange in January 2017.

In 2017, the Group recognized from its portfolio of investments during the year unrealized fair value losses of HK\$83.1 million (2016: HK\$347.7 million) in the consolidated statement of profit or loss and unrealized fair value gains of HK\$634.6 million (2016: unrealized fair value losses of HK\$406.3 million) in the consolidated statement of other comprehensive income. The realized losses on the portfolio of investments for the year was HK\$4.2 million (2016: HK\$33.9 million), whereas the amount of dividends and interest income from investments and loans receivable was HK\$119.4 million (2016: HK\$233.5 million). In terms of future prospects of the Group's investments, the performance of the listed equity securities and unlisted investment funds held is to a large extent subject to the performances of the relevant financial markets which are liable to change rapidly and unpredictably.

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

### Liquidity and Financial Resources

The Group centrally monitors its liquidity requirements from a short to five-year term basis and arranges its bank and other borrowings accordingly. Conservative financial management has been applied through the use of long term debt financing. The aim is to maintain a strong liquidity position with sufficient financial resources to satisfy not only short term working capital requirements, but also its needs on business plan for further acquisition, expansion and investment.



At 31 December 2017, the Group had bank borrowings amounting to HK\$13,635.1 million and the maturity profile was spread over a period of 5 years, with HK\$7,164.6 million repayable within one year, of this, HK\$1,841.8 million was renewed to a 5-year term, and HK\$6,470.5 million is repayable beyond three years.

The Group's net gearing ratio as at 31 December 2017 was approximately 21.8% (31 December 2016: Nil) as calculated by total borrowings less cash and bank balances and time deposit divided by total equity.

As at 31 December 2017, cash and bank balances and time deposit totalled HK\$10.0 billion as compared to HK\$7.5 billion as at 31 December 2016. About 75% of the Group's bank deposits and cash were denominated in Hong Kong dollars, 14% in USD, 2% in Renminbi, and 9% in GBP.

The Group continues to maintain a high level of liquidity. Total assets as at the end of December 2017 were HK\$32.2 billion, of which approximately 33% was current in nature. Net current assets were HK\$1.7 billion and accounted for approximately 10% of the net assets of the Group.

As at 31 December 2017, the owners' equity was HK\$16.8 billion (2016: HK\$13.3 billion) and the net assets value per share was HK\$4.34 (2016: HK\$5.13).

### **Contingent Liabilities/Financial Guarantees**

At 31 December 2017, the Group had guarantee given to the vendor in connection with the acquisition of a freehold land by a joint venture amounted to HK\$262.8 million.

At 31 December 2016, the Group had guarantees given to (i) banks in respect of mortgage facilities granted to certain purchasers of the Group's property units in the amount of HK\$83.3 million; and (ii) a bank in connection with a facility granted to joint ventures in the amount of HK\$256.3 million.

### **Financing Activities**

The Group had the following major financing activities during the year under review:

1. The Group completed the Rights Issue on 28 April 2017 for one rights share for every two shares of the Company then held at a price of HK\$2 per rights share, raising a net proceeds of about HK\$2.58 billion.
2. The Group established a new five-year term facility amounting to GBP622.2 million with a syndicate of financial institutions for refinancing part of the acquisition cost of The Leadenhall Building. The term facility is secured by a charge over The Leadenhall Building and bears a favorable interest rate. The Group has entered into interest rate swaps over the loan tenor to effectively hedged 80% of the loan principal to exchange the variable LIBOR for a fixed rate in the region of 0.72%. The Group is therefore well protected from the risk in the upward trend of the global interest rate in the coming years.

### **Pledge of Assets**

As at 31 December 2017, investment properties, bank deposits and property and equipment in the respective amount of HK\$12.1 billion, HK\$5.1 billion and HK\$82.0 million have been pledged as security for banking facilities granted to the Group.

### **Exchange Risks and Hedging**

We hedge our net foreign investments with bank borrowings and a forward currency exchange contract to offset against any unexpected and unfavorable currency movements, which may result in a loss on translation of the net foreign investment into Hong Kong dollars and such hedged sum amounted to approximately GBP0.9 billion as at 31 December 2017.

As at 31 December 2017, the Group has no outstanding consideration receivables from the disposal of subsidiaries and accordingly, no exposure of such consideration to fluctuations in foreign exchange rates.

## **EMPLOYEES**

As at year end of 2017, the Group employed a total of 91 employees in Hong Kong, China and United Kingdom for its principal business. Remuneration cost for the year (excluding directors' emoluments) amounted to approximately HK\$97 million.

The Group ensures that the pay levels of its employees are competitive to the market and employees were rewarded according to their performance.

Employees are also granted share options under the Company's share option scheme at the discretion of the Board. For 2017 and 2016, no equity-settled share option expense was charged off to the consolidated statement of profit or loss. Other benefit measures to retain employees include contributions of mandatory provident funds, medical insurance, on-job training and external seminars organized by professional bodies.

## **CORPORATE GOVERNANCE**

During the year, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

## **DIRECTORS' SECURITIES TRANSACTIONS**

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

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

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

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

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in this announcement have been agreed by the Company's independent auditors, Ernst & Young ("EY") to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by EY in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by EY on this announcement.

## **REVIEW OF ANNUAL RESULTS**

The Audit Committee has discussed with the management and independent auditors the accounting policies and practices adopted by the Group, and has reviewed the Group's consolidated results for the year ended 31 December 2017.

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

This results announcement is published on the Company's website at [www.ccland.com.hk](http://www.ccland.com.hk) and the HKEXnews website at [www.hkexnews.hk](http://www.hkexnews.hk). The Company's 2017 Annual Report will also be available on both websites and despatched to the shareholders of the Company in due course.

By order of the Board  
**Lam How Mun Peter**  
*Deputy Chairman and Managing Director*

Hong Kong, 23 March 2018

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