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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

(Stock Code: 1224)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

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 2016 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	2016 HK\$'000	2015 HK\$'000
REVENUE	3, 4	1,129,416	6,620,237
Cost of sales		(733,438)	(4,758,076)
Gross profit		395,978	1,862,161
Other income and gains	4	143,038	2,679,940
Selling and distribution expenses		(20,007)	(280,076)
Administrative expenses		(201,955)	(414,235)
Other expenses		(602,494)	(344,206)
Finance costs	5	(10,641)	(158,452)
Share of profits and losses of:			
Joint ventures		(33,078)	(35,312)
Associates		39,270	14,100
PROFIT/(LOSS) BEFORE TAX	6	(289,889)	3,323,920
Income tax expense	7	(66,867)	(1,682,307)
PROFIT/(LOSS) FOR THE YEAR		(356,756)	1,641,613

	Note	2016 HK\$'000	2015 HK\$'000
Attributable to:			
Owners of the parent		(356,756)	1,366,665
Non-controlling interests		-	274,948
		<u>(356,756)</u>	<u>1,641,613</u>
EARNINGS/(LOSS) PER SHARE			
ATTRIBUTABLE TO ORDINARY EQUITY			
HOLDERS OF THE PARENT	9		
Basic and diluted		<u>(HK13.78 cents)</u>	<u>HK52.80 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2016	2015
	HK\$'000	HK\$'000
PROFIT/(LOSS) FOR THE YEAR	(356,756)	1,641,613
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Available-for-sale investments:		
Changes in fair value	(558,672)	390,372
Deferred tax	-	(16,689)
Reclassification adjustment for losses included in the consolidated statement of profit or loss		
- losses on disposal	48,142	3,834
- impairment loss	152,420	-
Release upon disposal of subsidiaries	-	(177,720)
	(358,110)	199,797
Exchange fluctuation reserve:		
Release upon disposal of subsidiaries	54,511	(1,774,953)
Exchange differences on translation of foreign operations	(50,443)	(333,528)
	4,068	(2,108,481)
Release of other comprehensive income of an associate upon disposal of subsidiaries	(2,166)	-
Share of other comprehensive income of joint ventures	(2,298)	(198)
Share of other comprehensive income of associates	(4,800)	(65,067)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	(363,306)	(1,973,949)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	(363,306)	(1,973,949)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(720,062)	(332,336)
Attributable to:		
Owners of the parent	(720,062)	(536,454)
Non-controlling interests	-	204,118
	(720,062)	(332,336)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2016 HK\$'000	2015 HK\$'000
NON-CURRENT ASSETS			
Property and equipment		103,837	21,977
Golf club membership		10,540	10,540
Investments in joint ventures		319,907	125,992
Investments in associates		142,666	283,550
Available-for-sale investments		2,963,697	3,489,172
Properties under development		-	671,340
Consideration receivables on disposal of subsidiaries		-	1,140,382
Deferred tax assets		-	12,440
Total non-current assets		<u>3,540,647</u>	<u>5,755,393</u>
CURRENT ASSETS			
Properties under development		246,595	997,117
Completed properties held for sale		306,947	300,935
Loans and interest receivables	10	237,522	-
Prepayments, deposits and other receivables		1,982,375	6,113,444
Equity investments at fair value through profit or loss		581,295	756,456
Prepaid income tax and land appreciation tax		22,328	15,927
Deposits with brokerage companies		168,989	3,916
Pledged deposits		-	303,522
Restricted bank balances		38,926	65,009
Cash and cash equivalents		7,510,847	2,774,285
Total current assets		<u>11,095,824</u>	<u>11,330,611</u>
CURRENT LIABILITIES			
Trade payables	11	116,352	269,441
Other payables and accruals		222,704	830,527
Interest-bearing bank and other borrowings		112,208	450,000
Tax payable		892,523	1,033,887
Total current liabilities		<u>1,343,787</u>	<u>2,583,855</u>
NET CURRENT ASSETS		<u>9,752,037</u>	<u>8,746,756</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,292,684</u>	<u>14,502,149</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		-	350,000
Deferred tax liabilities		23,896	20,947
Total non-current liabilities		<u>23,896</u>	<u>370,947</u>
Net assets		<u>13,268,788</u>	<u>14,131,202</u>
EQUITY			
Equity attributable to owners of the parent			
Issued capital	12	258,822	258,822
Reserves		13,009,966	13,872,380
Total equity		<u>13,268,788</u>	<u>14,131,202</u>

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 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 new and revised HKFRSs for the first time for the current year’s financial statements.

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

Except for the amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011), amendments to HKFRS 11 and HKFRS 14, amendments to HKAS 16 and HKAS 41, and *Annual Improvements 2012-2014 Cycles*, which are not relevant to the preparation of the Group’s financial statements, the nature and the impact of the amendments are described below:

- (a) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:
- (i) the materiality requirements in HKAS 1;
 - (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
 - (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
 - (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Group's financial statements.

- (b) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.
- (c) Amendments to HKAS 27 (2011) allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying HKFRSs and electing to change to the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements are required to apply the change retrospectively. The amendments are not applicable to the Group's consolidated 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 2016

	Property development and investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
Segment revenue			
Sales to external customers	881,660	247,756	1,129,416
Segment results	(70,732)	(154,305)	(225,037)
Corporate and unallocated expenses			(54,211)
Finance costs			(10,641)
Loss before tax			(289,889)
Other segment information:			
Share of profits and 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

Year ended 31 December 2015

	Property development and investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
Segment revenue			
Sales to external customers	6,385,760	234,477	6,620,237
Segment results	3,138,776	393,132	3,531,908
Corporate and unallocated income			319
Corporate and unallocated expenses			(49,855)
Finance costs			(158,452)
Profit before tax			3,323,920
Other segment information:			
Share of profits and losses of:			
Joint ventures	(35,312)	-	(35,312)
Associates	14,100	-	14,100
Capital expenditure in respect of items of property and equipment	10,480	-	10,480
Depreciation	20,289	-	20,289
Amortisation of prepaid land lease payments	1,280	-	1,280
Fair value losses on investment properties	2,777	-	2,777
Fair value gains on equity investments at fair value through profit or loss, net	-	168,558	168,558
Write-down of completed properties held for sale to net realisable value	8,269	-	8,269
Write-down of properties under development to net realisable value	20,146	-	20,146
Investments in joint ventures	125,992	-	125,992
Investments in associates	283,550	-	283,550

Geographical information

(a) Revenue from external customers

Over 78% (2015: 90%) of the Group's revenue is derived from external customers of the Group's operations in Mainland China.

(b) Non-current assets

	2016 HK\$'000	2015 HK\$'000
Mainland China	144,817	959,853
Hong Kong	432,133	153,546
	576,950	1,113,399

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

Information about a major customer

For the years ended 31 December 2015 and 2016, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

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; gains on disposal of equity investments at fair value through profit or loss, net; gross rental income received and receivable from leased properties; 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:

	2016	2015
	HK\$'000	HK\$'000
<u>Revenue</u>		
Sales of properties	881,660	6,370,817
Gross rental income	-	14,943
Gains on disposal of equity investments at fair value through profit or loss, net	14,272	217,726
Dividend income from listed equity investments	93,580	16,703
Interest income from debt investments	102,183	48
Interest income from loans receivable	37,721	-
	1,129,416	6,620,237

	2016	2015
	HK\$'000	HK\$'000
<u>Other income and gains</u>		
Bank interest income	29,967	84,699
Other interest income	54,927	84,633
Compensation for the termination of a joint venture project	-	22,797
Gain on disposal of subsidiaries, net	57,566	2,305,272
Gain on disposal of investment properties	-	5,525
Gain on disposal of items of property and equipment	186	-
Fair value gains on equity investments at fair value through profit or loss, net	-	168,558
Others	392	8,456
	143,038	2,679,940

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2016	2015
	HK\$'000	HK\$'000
Interest on bank loans and other loan	16,372	598,362
Less: Interest capitalised	(5,731)	(439,910)
	10,641	158,452

6. PROFIT/(LOSS) BEFORE TAX

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

	2016 HK\$'000	2015 HK\$'000
Cost of properties sold	728,223	4,727,713
Write-down of completed properties held for sale to net realisable value*	3,305	8,269
Write-down of properties under development to net realisable value*	1,910	20,146
Depreciation	4,169	20,289
Less: Amount capitalised	(231)	(1,613)
	<u>3,938</u>	<u>18,676</u>
Amortisation of prepaid land lease payments	-	1,280
Minimum lease payments under operating leases	8,735	9,856
Auditor's remuneration	3,200	5,080
Employee benefit expense (including directors' remuneration):		
Wages and salaries	139,331	306,748
Pension scheme contributions	4,390	11,304
Less: Amount capitalised	(7,023)	(83,564)
	<u>136,698</u>	<u>234,488</u>
Foreign exchange differences, net	111,284	335,000
Gross rental income, net of business tax	-	(14,943)
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	-	1,948
Net rental income	<u>-</u>	<u>(12,995)</u>

* 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% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China.

	2016 HK\$'000	2015 HK\$'000
Current – Hong Kong		
Charge for the year	<u>22,528</u>	<u>15,891</u>
Current – Mainland China		
Charge for the year	65,981	1,263,880
Underprovision/(overprovision) in prior years	(26,392)	299
Land appreciation tax charge/(credit)	(13,198)	305,097
	<u>26,391</u>	<u>1,569,276</u>
Deferred tax	<u>17,948</u>	<u>97,140</u>
Total tax charge for the year	<u>66,867</u>	<u>1,682,307</u>

8. DIVIDENDS

	2016	2015
	HK\$'000	HK\$'000
Proposed final		
– Nil (2015: HK\$0.055 per ordinary share)	<u>-</u>	<u>142,352</u>

The Board does not recommend the payment of a final dividend for the year ended 31 December 2016.

No interim dividend was declared in respect of the years ended 31 December 2015 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.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 31 December 2016 and 2015 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:

	2016	2015
	HK\$'000	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	<u>(356,756)</u>	<u>1,366,665</u>
	Number of shares	
	2016	2015
<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	<u>2,588,223,112</u>	<u>2,588,223,112</u>

10. LOANS AND INTEREST RECEIVABLES

	2016 HK\$'000	2015 HK\$'000
Loans and interest receivables, secured	136,503	-
Loans and interest receivables, unsecured	101,019	-
	<u>237,522</u>	<u>-</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 6 months 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 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. These balances were aged within 6 months as at the end of the reporting period.

11. TRADE PAYABLES

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

	2016 HK\$'000	2015 HK\$'000
Within 1 year	<u>116,352</u>	<u>269,441</u>

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

12. SHARE CAPITAL

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

There was no movement in share capital during the year.

RESULTS

The Group achieved a consolidated revenue of HK\$1,129.4 million, representing a decrease of approximately 83% compared to HK\$6,620.2 million in 2015. The Group's net loss for the year was HK\$356.8 million (2015: a net profit of HK\$1,641.6 million). The loss attributable to shareholders for the year was HK\$356.8 million (2015: a profit attributable to shareholders of HK\$1,366.7 million). The basic loss per share for the year was HK13.78 cents (2015: a basic earnings per share of HK52.80 cents).

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: HK\$0.055 per ordinary share).

LAST SHARE REGISTRATION DATE FOR AGM

The annual general meeting ("AGM") will be held on Thursday, 18 May 2017. A notice of the AGM will be published and despatched to the shareholders in the manner as required under the Listing Rules in due course.

For determining the right of shareholders to attend the AGM and to vote at the AGM, shareholders should ensure that all transfer documents and accompanying share certificates are 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., Friday, 12 May 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group revenue for the year was HK\$1,129.4 million, a decrease of 83%, as there were only three property projects for revenue recognition in the year. The full-year results recorded a loss of HK\$356.8 million (2015: a profit of HK\$1,641.6 million). This was caused by a decline in contributions from property projects, and lower contribution from the property units recognized after delivery in the year as a result of the strategic disposals of property projects in the previous years. In addition, the results were adversely affected by the significant fair value losses accounted for in relation to the Group's investment in equity investments at fair value through profit or loss of HK\$195.3 million (2015: fair value gains of HK\$168.6 million), and impairment loss on an available-for-sale investment of HK\$152.4 million (2015: nil). The results for 2015 recorded a net gain on disposal of subsidiaries (net of tax) of HK\$1,416.9 million, against the net gain (net of tax) for the current year of HK\$25.5 million.

With a view to maximizing shareholders' value, the Group also disposed of the Xi'an project during the year. In November 2016, the Group entered into agreements to dispose, at a total consideration of approximately HK\$621 million (RMB555 million), of all its entire interest in Xi'an Yuansheng Enterprises Limited (西安遠聲實業有限公司) ("Xi'an Yuansheng"), which held the project, Zhongyu Metropol, in Xi'an. Zhongyu Metropol has a total completed and planned gross floor area ("GFA") of approximately 527,000 square meters ("sqm") consisting of residential, commercial, office areas, and car parks. The transaction was completed in November 2016, and provided a gain on disposal in the year of approximately HK\$67 million. The Group also entered into an agreement on 21 February 2017 to dispose of, at a total consideration of approximately HK\$206.7 million (RMB186 million), all its entire interest in Good Wave International Limited, which held two projects, Radiant Bay and Lagonda Gardens in Sichuan ("Sichuan Projects"). The Sichuan Projects have a total completed and planned GFA of approximately 251,000 sqm consisting of residential, commercial areas, and car parks. The transaction was completed in March 2017.

The substantial increase in the Group's share of the results of associate from HK\$14.1 million in 2015 to HK\$39.3 million in the year under review was attributable to the completion of a property project in Chongqing in which the Group has a minority equity stake.

Following the strategic property disposals since the middle of 2015, the strong cash position realized enabled the Group to look for potential investment opportunities proactively.

The Group participated in a joint venture investing indirectly in a property project, being an 8-storey building, in Sydney, Australia ("Australian Project"). The Group has 47% interest in the joint venture company and 34.55% attributable interest in the Australian Project. The investment cost of the Group is approximately HK\$122 million. The Australian Project provides an office building with a GFA of approximately 11,100 sqm and 228 car bays. The refurbishment of the building is planned to commence in mid-2017 and its value in terms of long term capital appreciation potential and rental performance will be further enhanced.

Subsequent to the year ended 31 December 2016, the Group committed to acquire two investment properties, namely One Kingdom Street and, the Leadenhall Building in London, the United Kingdom.

London is a world class financial city which attracts investors from all over the world, particularly from the Asian countries. Despite the Brexit referendum in June last year, both leasing as well as investment demands in prime office buildings have remained strong. Devaluation of the pound sterling is one of the major factors to draw interests to this market. Prime fully let office buildings with long weighted average unexpired lease terms have proved to be very popular among investors who are looking for longer term income asset and transactions of this category of properties have been very active since the referendum.

One Kingdom Street is positioned between a railway line, a major arterial road and two bridges with high traffic volume, and is within a few minutes' walking distance from the Paddington Station in Central London. It provides approximately 265,000 square feet of Grade A office accommodation and some car parking spaces. The Paddington area is undergoing major re-development, and with the coming of the Crossrail System, will be an important hub in London's West End. The acquisition consideration is approximately GBP290 million and the Group holds 100% interest in this project. As at the date of this announcement, all of the office space was leased. The rental yield is approximately 5% per annum.

The Leadenhall Building provides approximately 610,000 square feet of top Grade A office accommodation, retail, and ancillary spaces over 46 floors. It is world renowned super iconic and award-winning building situated in the prime financial and insurance districts of central London. The original developer needed 20 years to assimilate the land and finally completed the construction in 2014. The acquisition consideration is approximately GBP1,135 million and the Group will hold 100% interest after the completion of the acquisition. As at the date of this announcement, all of the office space was leased. The rental yield is approximately 3.5% per annum.

Given the list of their reputable tenants and nature of the leases, both these buildings will yield a strong recurring rental income for the Group, as well as potentials for long term capital growth. They will form a solid base for the Group's property investment in the United Kingdom and affirm the Group's presence in the international property markets and help foster the development of the Group in other major global cosmopolitan cities.

The acquisition of these two investment properties is in line with the business strategy of the Group to invest in quality properties in mature cities globally.

Recognized Revenue

The property sales revenue was HK\$881.7 million (RMB751.5 million) (2015: HK\$6,370.8 million (RMB5,109.2 million)) against a total booked GFA sales of 164,400 sqm (2015: 683,500 sqm). The revenue from property sales and booked GFA represented a decrease of 86% and 76% respectively from those of last year. The average selling price (“ASP”) was RMB4,570 for 2016 (2015: RMB7,480), representing a decrease of 38.9% when compared with that in 2015. The booked gross profit margin for 2016 was 17% (2015: 25%). The projects contributing to recognized revenue in the year were Zhongyu Metropol in Xi’an, and Radiant Bay and Lagonda Gardens in Sichuan.

Contract Sales

The contract sales for the year was RMB691.1 million (2015: RMB5,089.0 million) against a total of GFA 131,300 sqm at an ASP of RMB5,260 per sqm, a decrease of 21.8% compared to that in 2015. The decrease in contract sales was due to the strategic disposal of projects in 2015 which substantially reduced the number of projects available for sale. The projects from which these contract sales were recorded have been disposed of as at the date of this announcement.

Land Bank

As at the date of this announcement, the Group has nil land bank for property development. The Group is currently actively looking for acquisition opportunities to replenish its land bank in tier one cities in China, Hong Kong, and mature cities globally.

Treasury Investment Business

The treasury investment segment contributed a revenue of HK\$247.8 million and recorded a loss of HK\$172.1 million (2015: a profit of HK\$369.3 million). The dividends and interests earned from investments and loans receivable totalled HK\$233.5 million (2015: HK\$16.8 million). The realized gains and unrealized losses on equity investments at fair value through profit of loss amounted to HK\$14.3 million and HK\$195.3 million respectively (2015: realized and unrealized gains on equity investments at fair value through profit of loss of HK\$217.7 million and HK\$168.6 million respectively). A net loss of HK\$48.1 million (2015: HK\$3.0 million) was realized on the disposal of available-for-sale investments held by the Group. Impairment loss of HK\$152.4 million was recorded (2015: nil) on a listed security classified as available-for-sale investments as a result of significant/prolonged decline in the fair value of the investments.

CORPORATE STRATEGY AND OUTLOOK

It is expected that bank interest rate will go up globally in 2017. This may cool off the hot property market although challenges are still ahead. General conditions are expected to remain favourable in the major economies in 2017. The transaction volume on the core investment market for commercial real estate remained active in 2016. It is expected investment activity in these markets will remain strong in the coming year as a result of capital inflows and foreign investors entering into these markets.

The Group is building a real estate portfolio of investment properties for steady recurring rental income and property development for property sales revenue. It is believed that a balance property portfolio can generate income and protect against the property market risks in the long run.

The Group is currently actively looking for acquisition opportunities, and focuses on investing selectively in tier one cities in China, Hong Kong, and mature cities globally. The cash position amounted to HK\$7.5 billion as at 31 December 2016. The Group's financial strength and management structure has enabled it to respond quickly, after much patience, to take advantage of the recent political and financial changes in the world and snapped up two of what the Group considers to be dream acquisitions. Based on the management's experience and expertise in the property business, the Group is confident of solid future expansion, thereby creating value for its shareholders along with importantly a healthy balance sheet.

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, perpetual security and unlisted investment funds. At 31 December 2016, the portfolio of investments comprised of listed equity securities, perpetual security and unlisted investment funds with an aggregate carrying value of HK\$3,545.0 million (2015: HK\$4,245.6 million) which is listed in the table below:

	31 December 2016 HK\$ million	31 December 2015 HK\$ million
Equity investments at fair value through profit or loss		
Listed equity securities	<u>581.3</u>	<u>756.5</u>
Available-for-sale investments		
Listed equity securities	433.4	1,571.1
Perpetual security	930.0	1,305.0
Unlisted investment funds	<u>1,600.3</u>	<u>613.0</u>
	<u>2,963.7</u>	<u>3,489.1</u>
Total	<u>3,545.0</u>	<u>4,245.6</u>

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

Included in the unlisted investment funds was an investment in December 2016 of approximately HK\$835.6 million (RMB752 million). Please refer to the Company's announcement dated 29 December 2016 for details.

In terms of performance, the Group recognized from its portfolio of investments during the year a total fair value losses of HK\$347.7 million (2015: fair value gains of HK\$168.6 million) in the consolidated statement of profit or loss and HK\$406.3 million (2015: fair value gains of HK\$390.4 million) in the consolidated statement of other comprehensive income. The realized losses on the portfolio of investments for the year was HK\$33.9 million (2015: realized gains of HK\$214.7 million), whereas the amount of dividends and interest income from investments and loans receivable for the year was HK\$233.5 million (2015: HK\$16.8 million). In terms of future prospects of the Group's investments, the performance of the listed equity securities and unlisted investment funds held is to a large extent subject to the corresponding performances of the relevant financial markets which are liable to change rapidly and unpredictably.

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

Liquidity and Financial Resources

The Group continues to maintain a high level of liquidity. At 31 December 2016, cash and cash equivalents balances held at major banks and financial institutions totalled HK\$7.5 billion, as compared to HK\$3.1 billion at 31 December 2015. On 14 March 2017, the Company announced to raise not less than approximately HK\$2,588.2 million, before expenses, and not more than approximately HK\$2,651.5 million, before expenses, by way of a rights issue at the subscription price of HK\$2 per rights share. The Group's general working capital will be significantly enhanced following the rights issue, which will provide the Group with immediate financial resources to capture any investment opportunities in the global property markets and/or other investments that are presented to the Company from time to time, including the acquisition of Leadenhall Building. Please refer to the Company's announcement dated 14 March 2017 for details.

Total assets as at the end of December 2016 were HK\$14.6 billion, of which approximately 76% was current in nature. Net current assets were HK\$9.8 billion and accounted for approximately 73% of the net assets of the Group as at 31 December 2016.

As at the date of this announcement, the Group has outstanding consideration receivables from the disposal of property projects of approximately HK\$1.95 billion in aggregate.

At 31 December 2016, the Group was at net cash position. The owners' equity was HK\$13.3 billion (2015: HK\$14.1 billion) and the net assets value per share was HK\$5.13 (2015: HK\$5.46).

Contingent Liabilities/Financial Guarantees

At 31 December 2016, the Group had the following contingent liabilities/financial guarantees:

- (i) Guarantee given to banks in respect of mortgage facilities granted to certain purchasers of the Group's property units in the amount of HK\$83.3 million (2015: HK\$695.0 million); and
- (ii) Guarantees given to a bank in connection with a facility granted to joint ventures in the amount of HK\$256.3 million (2015: Nil).

Pledge of Assets

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

Foreign Currency Risks

During the year, the revenue from the Group's property business in the PRC is denominated in RMB, and most of its expenses are also denominated in RMB. As a result, the property business is not exposed to material foreign exchange risk. As at 31 December 2016, the Group's outstanding consideration receivables from the disposal of subsidiaries denominated in RMB amounted to RMB961 million. To the extent this portion of consideration receivables may be converted into Hong Kong or other currencies, there is exposure to fluctuations in foreign exchange rates. As at 31 December 2016, the Group has not entered into any currency swaps hedge of RMB against HK\$.

As at the date of the announcement, the Group has purchased investment properties in London for investment purposes. For hedging purpose, the Group has entered into a revolving loan banking facility with a limit of GBP800 million with security over an equivalent amount of HK\$/US\$ cash deposits placed with the bank. The exposure to foreign exchange risk of the GBP is therefore minimal. The Management will monitor the situation closely and will introduce suitable hedging measures for these assets if there are any adverse changes.

EMPLOYEES

As at 31 December 2016, the Group had a total of 152 employees in Hong Kong and China and incurred employee costs in the amount of approximately HK\$144 million for the year. The Group remunerates its staff based on their merit, qualifications, performance, competence and the prevailing market wage level. In order to attract, retain and motivate employees, an incentive bonus scheme has been established to reward employees based on their performance. Employees are also eligible to be granted share options under the Company's share option scheme at the discretion of the Board. For 2016 and 2015, no equity-settled share option expense was charged off to the consolidated statement of profit or loss. Other benefits include contributions of mandatory provident funds, medical insurance, on-the-job training and external seminars organized by professional bodies.

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 2016 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 2016.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company's website at www.ccland.com.hk and the HKEXnews website at www.hkexnews.hk. The Company's 2016 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 2017

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.