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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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board of directors (the “Board”) of C C Land Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2017 together with comparative figures for the corresponding period in 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2017	2016
	Notes	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
REVENUE	3, 4	61,923	752,463
Cost of sales		(15,356)	(498,722)
Gross profit		46,567	253,741
Other income and gains	4	298,719	82,995
Selling and distribution expenses		(713)	(10,747)
Administrative expenses		(131,555)	(96,399)
Other expenses		(91,307)	(158,235)
Finance costs		(33,151)	(9,193)
Share of profits and losses of:			
Joint ventures		(12,214)	(15,817)
Associates		1,685	478
PROFIT BEFORE TAX	5	78,031	46,823
Income tax expense	6	(18,152)	(14,328)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		59,879	32,495
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			(Restated)
Basic and diluted	8	HK1.97 cents	HK1.25 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June 2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	<u>59,879</u>	<u>32,495</u>
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	(942)	(693,289)
Reclassification adjustment for a loss on disposal included in the consolidated statement of profit or loss	<u>68,962</u>	<u>-</u>
	<u>68,020</u>	<u>(693,289)</u>
Exchange fluctuation reserve:		
Release upon disposal of a subsidiary	1,748	-
Exchange differences on translation of foreign operations	<u>27,083</u>	<u>(10,444)</u>
	<u>28,831</u>	<u>(10,444)</u>
Share of other comprehensive income of joint ventures	(331)	(4,429)
Share of other comprehensive income of associates	<u>1,215</u>	<u>(1,060)</u>
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>97,735</u>	<u>(709,222)</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	<u>97,735</u>	<u>(709,222)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	<u><u>157,614</u></u>	<u><u>(676,727)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property and equipment	9	101,372	103,837
Investment properties	9	14,659,372	-
Golf club membership		10,540	10,540
Investments in joint ventures		227,893	319,907
Investments in associates		95,153	142,666
Available-for-sale investments		2,215,894	2,963,697
Total non-current assets		17,310,224	3,540,647
CURRENT ASSETS			
Properties under development	9	-	246,595
Completed properties held for sale		-	306,947
Loans and interest receivables	10	221,605	237,522
Prepayments, deposits and other receivables		1,236,250	1,982,375
Equity investments at fair value through profit or loss		336,850	581,295
Derivative financial instruments		42,981	-
Prepaid income tax and land appreciation tax		780	22,328
Deposits with brokerage companies		2,951	168,989
Pledged deposits		3,964,740	-
Restricted bank balances		118,942	38,926
Cash and cash equivalents		4,583,378	7,510,847
Total current assets		10,508,477	11,095,824
CURRENT LIABILITIES			
Trade payables	11	-	116,352
Other payables and accruals		160,392	222,704
Derivative financial instruments		10,639	-
Interest-bearing bank and other borrowings		4,464,740	112,208
Tax payable		890,072	892,523
Total current liabilities		5,525,843	1,343,787
NET CURRENT ASSETS		4,982,634	9,752,037
TOTAL ASSETS LESS CURRENT LIABILITIES		22,292,858	13,292,684
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		6,284,493	-
Deferred tax liabilities		297	23,896
Total non-current liabilities		6,284,790	23,896
Net assets		16,008,068	13,268,788
EQUITY			
Equity attributable to owners of the parent			
Issued capital	12	388,233	258,822
Reserves		15,619,835	13,009,966
Total equity		16,008,068	13,268,788

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.

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

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2016.

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong, except for the adoption of the revised HKFRSs as disclosed in note 2 below.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to 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 2014-2016 Cycle</i>	<i>Disclosure of Interest in Other Entities</i>

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

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

3. OPERATING SEGMENT INFORMATION

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

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

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

Information regarding these reportable segments is presented below.

Reportable segment information

For the six months ended 30 June 2017 – unaudited

	Property development and investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
Segment revenue			
Sales to external customers	<u>113,941</u>	<u>(52,018)</u>	<u>61,923</u>
Segment results	<u>275,762</u>	<u>(139,834)</u>	<u>135,928</u>
Corporate and unallocated expenses			(24,746)
Finance costs			<u>(33,151)</u>
Profit before tax			<u>78,031</u>

For the six months ended 30 June 2016 – unaudited

	Property development and investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
Segment revenue			
Sales to external customers	<u>594,621</u>	<u>157,842</u>	<u>752,463</u>
Segment results	<u>73,843</u>	<u>(712)</u>	<u>73,131</u>
Corporate and unallocated expenses			(17,115)
Finance costs			<u>(9,193)</u>
Profit before tax			<u>46,823</u>

4. REVENUE, OTHER INCOME AND GAINS

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

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<u>Revenue</u>		
Sale of properties	19,700	594,621
Gross rental income	94,241	-
Gains/(losses) on disposal of equity investments at fair value through profit or loss, net	(78,754)	5,449
Dividend income from listed equity investments	8,121	81,931
Interest income from debt investments	2,464	60,605
Interest income from loans receivable	16,151	9,857
	<u>61,923</u>	<u>752,463</u>
<u>Other income and gains</u>		
Bank interest income	5,934	13,346
Other interest income	24,838	27,463
Exchange gains, net	38,064	38,765
Gains on bargain purchase on acquisition of subsidiaries	102,147	-
Gain on disposal of a joint venture	84,720	-
Fair value gains on derivative financial instruments	42,981	-
Others	35	3,421
	<u>298,719</u>	<u>82,995</u>

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of properties sold	15,356	498,722
Depreciation	1,417	2,206
Less: Amount capitalised	(25)	(226)
	<u>1,392</u>	<u>1,980</u>
Fair value losses on equity investments at fair value through profit or loss, net	18,456	158,234
Interest on bank and other borrowings	33,151	14,924
Less: Interest capitalised	-	(5,731)
	<u>33,151</u>	<u>9,193</u>

Employee benefit expense (including directors' remuneration):		
Wages and salaries	45,672	46,550
Pension scheme contributions	2,217	2,086
Less: Amount capitalised	(534)	(3,833)
	<u>47,355</u>	<u>44,803</u>

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period ended 30 June 2017. No provision for Hong Kong profits tax had been made for the prior period as the Group did not generate any assessable profit arising in Hong Kong during the period ended 30 June 2016. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current charge for the period		
Hong Kong	3,049	-
Mainland China	603	18,453
United Kingdom	17,569	-
Underprovision in prior periods		
Mainland China	149	354
Land appreciation tax credit for the period	-	(14,492)
Deferred tax	<u>(3,218)</u>	<u>10,013</u>
Total tax charge for the period	<u>18,152</u>	<u>14,328</u>

7. DIVIDENDS

No final dividend was declared in respect of the year ended 31 December 2016.

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

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

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

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

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted earnings per share for both periods has been adjusted retrospectively to reflect the impact of the Rights Issue (as defined in note 12 below) completed on 28 April 2017.

No adjustment has been made to the basic earnings per share presented for the six months ended 30 June 2017 and 2016 in respect of a dilution as the share options outstanding had no dilutive effect on the basic earnings per share presented.

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

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<u>59,879</u>	<u>32,495</u>

	Number of shares	
	Six months ended 30 June	
	2017	2016
		(Restated)
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	<u>3,044,246,982</u>	<u>2,596,793,387</u>

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

During the six months ended 30 June 2017, the Group incurred HK\$353,000 (six months ended 30 June 2016: HK\$1,796,000) on the additions of items of property and equipment.

During the six months ended 30 June 2017, the Group incurred HK\$7,211,000 (six months ended 30 June 2016: HK\$235,493,000) on the additions of properties under development.

During the six months ended 30 June 2017, the Group acquired 2 investments properties in the amount of HK\$14,343,476,000 through two business combinations.

10. LOANS AND INTEREST RECEIVABLES

	30 June	31 December
	2017	2016
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Loans and interest receivables, secured	119,600	136,503
Loans and interest receivables, unsecured	102,005	101,019
	<u>221,605</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 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 30 June 2017, all the loans and interest receivables are not past due or impaired, except for a balance of HK\$102,005,000 which has been past due for 2 months but was not impaired. Receivables that were neither past due nor impaired relate to a number of independent borrowers for whom there was no recent history of default. The receivable that was past due but not impaired relates to an independent party that has a good track record with the Group.

At 31 December 2016, all the loans and interest receivables were not past due, and not individually nor collectively considered to be impaired, and related 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:

	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
Within 1 year	<u>-</u>	<u>116,352</u>

12. SHARE CAPITAL

	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
Authorised:		
5,000,000,000 (31 December 2016: 5,000,000,000) ordinary shares of HK\$0.10 (31 December 2016: HK\$0.10) each	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:		
3,882,334,668 (31 December 2016: 2,588,223,112) ordinary shares of HK\$0.10 (31 December 2016: HK\$0.10) each	<u>388,233</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.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The year 2017 is a new milestone for the Group.

During the first half of the year, the Group expanded its territory with investments overseas. The Group has completed two significant acquisitions, One Kingdom Street, and, The Leadenhall Building, in London, the United Kingdom. Both assets are located in the heart of London's business centre with a combined value of approximately GBP1.44 billion. These two acquisitions are considered trophy assets and have greatly enhanced the Group's profile in the international property scene, and will generate a strong stream of recurring income which will accordingly become a material contributor to the Group's overall business.

During the period, the Group had participated through several public tenders, bidding for developmental land bank in Hong Kong, but so far had not met with success. The Group will continue to look for opportunities locally, in China, and abroad.

In August 2017, the Group participated in a joint venture with Guangzhou R&F Properties Co., Ltd. to invest in a mixed-use residential-led development project occupying a site of 10.3 acres (4.2 hectares) located at New Covent Garden Market in London, the United Kingdom. The project is planned to provide a gross floor area of circa 2.3 million square feet of residential, office and retail spaces.

For the first half of 2017, the Group recorded a revenue of HK\$61.9 million, a decrease of 92% compared to HK\$752.5 million in the first half of 2016 which was caused by the strategic disposals of property projects in the previous years and the number of properties available for sale was substantially decreased. The net profit was HK\$59.9 million, representing an increase of 84% compared to HK\$32.5 million during the same period in 2016. The increase in profit was mainly attributable to the gain resulting from the rental top up amounting to HK\$101.8 million received from the vendors of The Leadenhall Building which was accounted for as other income in the consolidated statement of profit or loss, and the gain on disposal of a joint venture in the amount of HK\$84.7 million, which was partially offset by the adverse effect of the decrease in the Group's revenue by 92% to HK\$61.9 million, the losses on disposal of available-for-sale investments of HK\$69 million and the one-off costs of approximately HK\$50 million in relation to the acquisition of the two London properties during the period.

The treasury investment segment recorded fair value losses on equity investments at fair value through profit or loss of HK\$18.5 million and realized losses on disposal of equity investment at fair value through profit or loss of HK\$78.8 million respectively as a result of the volatility in the equity market in Hong Kong during the period, against a net loss of HK\$152.8 million of realized gains and fair value losses in the corresponding period last year.

The profit attributable to shareholders for the period amounted to HK\$59.9 million (six months ended 30 June 2016: HK\$32.5 million), representing an increase of 84% when compared with the same period of last year. The basic earnings per share for the period were HK1.97 cents (six months ended 30 June 2016 restated: HK1.25 cents).

Revenue and Operating Profit

Our financial results during the period reflected the Group's shift from property development to property investment. The Group's property business was 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 to HK\$19.7 million from the HK\$594.6 million of the corresponding period last year. The Group's revenue for the first half of 2017 was HK\$61.9 million, down 92% from the same period in 2016 (six months ended 30 June 2016: HK\$752.5 million).

The property sales revenue was HK\$19.7 million (RMB17.4 million) (six months ended 30 June 2016: HK\$594.6 million (RMB503.0 million)) against a total booked gross floor area sales of 3,900 square meters (six months ended 30 June 2016: 111,500 square meters). Both the revenue from property sales and booked gross floor area represented a decrease of 97% from those of the corresponding period of 2016. The booked gross profit margin for the period was 22% (six months ended 30 June 2016: 16%).

The Group's completed acquisition of One Kingdom Street in January and The Leadenhall Building in May 2017 contributed a significant increase in rental income for the Group, amounting to HK\$94.2 million (six months ended 30 June 2016: nil), and will provide a strong recurring income stream in the years to come.

The operating profit, however, has been adversely affected by the one-off costs of HK\$50 million incurred on the acquisition. Since these costs are not recurring in nature, only the period under review is affected.

Investment Properties

As at 30 June 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 of floor area. Both properties were fully leased out as at 30 June 2017.

During the six months ended 30 June 2017, the Group generated rental income of HK\$94.2 million (six months ended 30 June 2016: nil) from its newly acquired investment properties in the United Kingdom. As the acquisition of The Leadenhall Building was only completed on 25 May 2017, the majority of rental income is from One Kingdom Street during the period.

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 districts of London. Completed in 2014, The Leadenhall Building is a world class skyscraper and office tower boasting an impressive lease portfolio commanding strong recurring 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 square feet of office and retail space and is fully multi-let with a weighted average unexpired lease term of approximately 13 years with over 10 years on a term-certain basis. The building's tenant base includes a number of major international insurance companies alongside other financial institutions, technology, and professional service businesses. The property occupies a site of 0.94 acres (0.38 hectares) and extends to 736 feet in height. The current annual rental income of The Leadenhall Building is in the region of GBP40.2 million. As at 30 June 2017, all of the office space was leased. The rental yield is approximately 3.5% per annum. Given the building's list of reputable tenants and nature of the leases, a strong recurring rental income is guaranteed for the Group, as well as presenting 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 in investing in quality property projects in mature cities globally.

One Kingdom Street

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

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 be 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 areas.

Treasury Investment Business

The treasury investment recorded a loss of HK\$139.7 million (six months ended 30 June 2016: a profit of HK\$5.6 million). The dividends and interests earned from investment and loan receivables totalled HK\$26.7 million (six months ended 30 June 2016: HK\$152.4 million, the majority of which were dividends and interest received from a listed equity investment and a perpetual security, both of which have been disposed of or redeemed). The realized and unrealized losses on equity investments at fair value through profit or loss amounted to HK\$78.8 million and HK\$18.5 million respectively (six months ended 30 June 2016: realized gains and unrealized losses on equity investments at fair value through profit or loss amounted to HK\$5.4 million and HK\$158.2 million respectively). A net loss of HK\$69 million (six months ended 30 June 2016: nil) was realized on the disposal of available-for-sale investments.

CORPORATE STRATEGY AND OUTLOOK

There will continue to be uncertainty in the United Kingdom's economic outlook as a result of the uncertainty over Brexit. However, since the European Union referendum, the United Kingdom economy has not shown signs of deterioration.

The Group is well placed not only in terms of the quality of its property portfolio, but also its sound financial base. The Group's United Kingdom's real estate portfolio has many significant benefits as an asset class. It provides an attractive and sustainable income stream with its existing tenancy leases which are over 10 years in length, thus reducing volatility. The strong balance sheet and low gearing of the Group will allow the Group to add more acquisitions to its portfolio.

The Group also intends, whether on its own or in partnership with other developers, to acquire land available for development in China, Hong Kong and mature cities globally.

FINANCIAL REVIEW

Investments

The Group invested surplus cash in a diversified portfolio of listed equity securities, unlisted investment funds and debt investment. As at 30 June 2017, the portfolio of investments comprised of listed equity securities, unlisted investment funds and debt investment with an aggregate carrying value of HK\$2,552.7 million (31 December 2016: HK\$3,545.0 million) which is listed in the table below:

	30 June 2017 <u>HK\$ million</u>	31 December 2016 <u>HK\$ million</u>
Equity investments at fair value through profit or loss		
Listed equity securities	336.8	581.3
Available-for-sale investments		
Listed equity securities	385.3	433.4
Perpetual security	-	930.0
Debt investment	189.8	-
Unlisted investment funds	1,640.8	1,600.3
	<u>2,215.9</u>	<u>2,963.7</u>
Total	<u>2,552.7</u>	<u>3,545.0</u>

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

In terms of performance, the Group recognized from its portfolio of investments during the period unrealized fair value losses of HK\$18.5 million (six months ended 30 June 2016: unrealized loss of HK\$158.2 million) in the consolidated statement of profit or loss and unrealized fair value gain of HK\$59.2 million (six months ended 30 June 2016: unrealized fair value losses of HK\$693.3 million) in the consolidated statement of other comprehensive income. The realized losses on the portfolio of investments for the period was HK\$147.7 million (six months ended 30 June 2016: realized gains of HK\$5.4 million), whereas the amount of dividends and interest income from investments for the period was HK\$10.6 million (six months ended 30 June 2016: HK\$142.5 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 corresponding performances of the relevant financial markets.

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 favorable returns for its shareholders.

Liquidity and Gearing

At 30 June 2017, the Group had bank borrowings amounting to HK\$10.7 billion with the maturity profile spreading over a period of 5 years, with HK\$4.4 billion repayable within one year and HK\$6.3 billion repayable beyond three years. In terms of currency, 95% of the bank borrowings are denominated in GBP with the remaining 5% denominated in Hong Kong dollars.

The Group's net gearing ratio at the interim period end date was approximately 13% (31 December 2016: nil) calculated by total borrowings less cash and bank balances divided by owners' equity.

As at 30 June 2017, cash and bank balances held at major banks and financial institutions totalled HK\$8.7 billion as compared to HK\$7.5 billion as at 31 December 2016. About 78% of the Group's cash and bank balances were denominated in Hong Kong dollars, 16% in United States dollars, and 6% in GBP and Renminbi. With much available cash on hand as well as undrawn banking facilities and a portfolio of listed equity investments amounting to HK\$5.3 billion, the Group's liquidity position remains strong and the Group has sufficient financial resources to fund its working capital requirements, further acquisitions and investment needs.

Financing activities

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

1. The Group completed the Rights Issue on 28 April 2017 for one right share for every two shares 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 favourable 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 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.

Contingent Liabilities/Financial Guarantee

At 30 June 2017, the Group does not have any contingent liabilities/financial guarantee granted to third parties (31 December 2016: HK\$339.6 million).

Pledge of Assets

As at 30 June 2017, investment property, bank deposits, and property and equipment in the respective amounts of HK\$11.7 billion, HK\$4.0 billion and HK\$83.5 million have been pledged as securities for banking facilities granted to the Group.

Exchange Risks and Hedging

We hedge our foreign currency assets with a combination of bank borrowings in identical currency and with forward foreign exchange contracts. These arrangements do not subject us to material balance sheet risk due to exchange rate movements, as revaluation gains and losses on the bank borrowings and foreign exchange contracts are intended to offset against the translation losses and gains on the assets being hedged.

As at 30 June 2017, the Group's outstanding consideration receivables from the disposal of subsidiaries denominated in RMB amounted to RMB474 million. To the extent this portion of consideration receivables may be converted into Hong Kong dollars or other currencies, there is exposure to fluctuations in foreign exchange rates.

EMPLOYEES

As at 30 June 2017, the Group had a total of 90 employees in Hong Kong and China and incurred employee costs in the amount of approximately HK\$48 million for the first half of 2017. The Group remunerates its staff based on their merit, qualifications, performance, competence and the prevailing market wage level. In order to attract, retain and motivate employees, an incentive bonus scheme has been established to reward employees based on their performance. Employees are also eligible to be granted share options under the Company's share option scheme at the discretion of the Board. For the six months ended 30 June 2017 and 30 June 2016, 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

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2017.

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 six months ended 30 June 2017.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

REVIEW OF INTERIM RESULTS

The Audit Committee has discussed with the management and independent auditors the accounting policies and practices adopted by the Group, and has reviewed the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2017.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM 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 2017 Interim 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, 25 August 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.