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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 2020

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 2020 together with comparative figures for the corresponding period in 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

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 2019.

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those adopted in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong, except for the adoption of the new and revised HKFRSs as disclosed in note 2 below.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

- (a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.
- (c) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. The Group has early adopted the amendment on 1 January 2020 and the amendments did not have any impact on the Group's interim condensed consolidated financial information.
- (d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

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

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

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

Information regarding these reportable segments is presented below.

Reportable segment information

For the six months ended 30 June 2020 – unaudited

	Property development and investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
Segment revenue			
Revenue from external customers	236,141	41,299	277,440
Segment results	113,365	104,472	217,837
Corporate and unallocated expenses			(28,259)
Finance costs			(180,453)
Profit before tax			9,125

For the six months ended 30 June 2019 – unaudited

	Property development and investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
Segment revenue			
Revenue from external customers	239,864	39,150	279,014
Segment results	193,263	66,572	259,835
Corporate and unallocated expenses			(42,835)
Finance costs			(113,626)
Profit before tax			103,374

4. REVENUE, OTHER INCOME AND GAINS, NET

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

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

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of owned assets	18,294	11,152
Depreciation of right-of-use assets	10,531	10,730
	<u>28,825</u>	<u>21,882</u>
Fair value losses on derivative financial instruments	71,011	65,022
Foreign exchange differences, net	11,638	5,288
Loss on disposal of items of property and equipment	-	134

Reversal of impairment losses on financial assets, net		
Reversal of impairment losses on loans and interest receivables, net	(5,008)	(9,502)
Reversal of impairment losses on financial assets included in prepayments, deposits and other receivables	(1,735)	-
	<u>(6,743)</u>	<u>(9,502)</u>
Employee benefit expense (including directors' remuneration):		
Wages and salaries	65,216	63,783
Pension scheme contributions	3,467	2,740
	<u>68,683</u>	<u>66,523</u>

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the periods ended 30 June 2020 and 30 June 2019. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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

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

7. DIVIDENDS

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

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

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

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

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

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

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

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

9. ADDITIONS TO PROPERTY AND EQUIPMENT

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

10. TRADE RECEIVABLES

	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
Trade receivables	<u>9,086</u>	<u>9,449</u>

The trade receivables primarily include rental receivables which are normally billed in advance and due on the first day of the billing period. Certain tenants are required to pay security deposits which are held by the property manager on trust for both the Group and the Group's tenants. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management.

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

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

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

11. LOANS AND INTEREST RECEIVABLES

	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
Loans receivable		
Secured	-	40,000
Unsecured	298,449	862,860
	<u>298,449</u>	<u>902,860</u>
Less: Impairment allowance	(9,004)	(14,012)
	<u>289,445</u>	<u>888,848</u>
Interest receivable	6,338	10,292
	<u>295,783</u>	<u>899,140</u>

As these loans receivable relate to a number of different borrowers, the directors are of the opinion that there is no significant concentration of credit risk over these loans receivable. The carrying amounts of these loans receivable approximate to their fair values.

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

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

As at 30 June 2020, none of the loans and interest receivables were overdue (31 December 2019: one of the loans and interest receivables of HK\$36,155,000, before impairment allowance, was overdue for less than 90 days and was fully repaid subsequent to 31 December 2019), the Group considered that there had no significant change in credit risk of the borrowers and all the balances were categorised within Stage 1 for the measurement of expected credit losses.

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

12. SHARE CAPITAL

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

INTERIM DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

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

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

Revenue and Operating Profit

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

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

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

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

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

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

Investment Properties

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

United Kingdom

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

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

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

The Leadenhall Building

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

rental yield is approximately 3.5% per annum. The Group will continue to diversify the building's tenant mix and ensure that the building remains as the ultimate choice in its asset class. The rental income for the six months ended 30 June 2020 was GBP16.7 million (six months ended 30 June 2019: GBP16.0 million).

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

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

One Kingdom Street

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

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

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

Australia

85 Spring Street, Melbourne

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

Joint Ventures

As at 30 June 2020, the Group has over 1.1 million sqf of attributable development space in London and approximately 2.3 million sqf in China. These property projects are operated through joint ventures.

Nine Elms Square - London

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

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

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

Whiteleys Shopping Centre - London

The Group has committed to invest GBP182 million in the regeneration and redevelopment project of Whiteleys in London, a former shopping centre constructed in 1908. Located in Queensway, W2, Bayswater, the Whiteleys redevelopment project is a mixed-use scheme which secured planning permission in 2016. Under the redevelopment plans, the finished project with about 580,000 sqf will house 153 apartments, a 5-star hotel, retail spaces with a mix of independent retailers, a gymnasium, a cinema and restaurants, offering an exceptional regeneration opportunity in prime Central London. Demolition work was completed. The foundation work has progressed well in the period as the current work patterns have not been affected by the social distancing on site associated with the pandemic. The Group expects sales of the residential units to be slow given the impact of pandemic, and is unlikely to commence before the first quarter of 2021. Completion of the development is expected in 2023. The Group has 50% voting right in this project. As at 30 June 2020, the capital investment contributed by the Group amounted to GBP53.7 million.

Harbourside HQ - Hong Kong

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

Development Project - PRC

The Group entered into an agreement to participate in a 33.33% interest in a joint venture of a development project in Chongqing with a planned investment of about RMB800 million. The project is located in Bishan High-tech Zone (璧山高新區), close to Daishan Avenue (黛山大道), and to both Chengbei Line 1 Subway Station and Chengnan High-speed Railway Station. Amenities with kindergartens, schools and parks are planned to be opened in the vicinity. The development project will comprise 7.0 million sqf of commercial, retail and residential spaces. Construction for the first phase of 3.7 million saleable sqf commenced in the first half of 2020 and completion is expected in the second half of 2022.

Treasury Investment Business

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

CORPORATE STRATEGY AND OUTLOOK

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

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

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

FINANCIAL REVIEW

Investments

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

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

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

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

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

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

Liquidity and Financial Resources

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

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

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

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

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

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

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

Contingent Liabilities/Financial Guarantees

At 30 June 2020, the Group had the following contingent liabilities/financial guarantees:

1. Guarantee given to the vendor in connection with the acquisition of a freehold land by a joint venture amounting to HK\$191 million (31 December 2019: HK\$204 million).
2. Guarantee given to a bank in connection with a facility granted to a joint venture up to HK\$1,042 million (31 December 2019: HK\$1,119 million).
3. Guarantees given to a bank and an independent third party in connection with facilities granted to associates up to HK\$1,469 million (31 December 2019: HK\$1,479 million) and the related facilities were utilized to the extent of HK\$1,469 million (31 December 2019: HK\$1,479 million).
4. Guarantees given to certain financial institutions in connection with the Group's equity contribution commitment in a joint venture and the cost overrun guarantee in respect of the project development costs of the joint venture in the amounts of HK\$1.2 billion and HK\$0.8 billion respectively (31 December 2019: HK\$1.7 billion and HK\$0.8 billion respectively).

Pledge of Assets

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

Exchange Risks and Hedging

The Group manages its treasury activities within established risk management objectives and policies. The main objectives are to manage exchange, interest rate and liquidity risks and to provide a degree of certainty in respect of costs.

The Group hedges its foreign investments with bank borrowings and forward currency exchange contracts to offset against any unexpected and unfavorable currency movements, which may result in a loss on translation of the foreign investment into Hong Kong dollars. As at the end of the period, no forward currency exchange contract has been executed by the Group.

EMPLOYEES

As at 30 June 2020, the Group employed a total of 123 employees in Hong Kong, China and United Kingdom for its principal business. Remuneration cost for the first half year (excluding directors' emoluments) amounted to approximately HK\$47 million.

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

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

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 2020.

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 2020.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2020.

REVIEW OF INTERIM RESULTS

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

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 2020 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, 21 August 2020

As at the date of this announcement, the Board comprises Mr. Cheung Chung Kiu, Dr. Lam How Mun Peter, 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.