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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 2020

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 2020 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	2020 HK\$'000	2019 HK\$'000
REVENUE			
Interest income	4	106,403	89,116
Revenue from other sources	4	482,412	475,520
Total revenue		588,815	564,636
Cost of services provided		(3,431)	(9,341)
Gross profit		585,384	555,295
Other income and gains, net	4	781,819	502,842
Administrative expenses		(343,230)	(384,899)
Reversal of impairment losses on financial assets, net		957	13,978
Other expenses		(116,175)	(110,643)
Finance costs	5	(374,096)	(278,426)
Share of profits and losses of:			
Joint ventures		71,547	136,532
Associates		15,995	(32,913)
PROFIT BEFORE TAX	6	622,201	401,766
Income tax credit/(expense)	7	(34,033)	12,257
PROFIT FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		588,168	414,023
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted		HK15.15 cents	HK10.66 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2020 HK\$'000	2019 HK\$'000
PROFIT FOR THE YEAR	588,168	414,023
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	10,843	11,998
Reclassification adjustment for gains/losses included in the consolidated statement of profit or loss		
– impairment losses/(reversal of impairment losses), net	4,156	(59)
– gain on redemption	(3,875)	(1,163)
	<u>11,124</u>	<u>10,776</u>
Exchange differences:		
Translation of foreign operations	500,654	230,004
Hedges of net investments in foreign operations		
– effective portion of changes in fair value of hedging instruments during the year	-	(45,205)
	<u>500,654</u>	<u>184,799</u>
Share of other comprehensive income of joint ventures	23,265	47,453
Share of other comprehensive loss of associates	(13,163)	(1,604)
Release of other comprehensive income of an associate upon disposal of a subsidiary	-	19,660
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>521,880</u>	<u>261,084</u>
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:</i>		
Equity investments at fair value through other comprehensive income:		
Changes in fair value	1,875,484	(214,562)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>1,875,484</u>	<u>(214,562)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR	2,397,364	46,522
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	<u>2,985,532</u>	<u>460,545</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2020 HK\$'000	2019 HK\$'000
NON-CURRENT ASSETS			
Property and equipment		249,204	301,405
Investment properties		15,327,772	14,902,298
Golf club membership		10,540	10,540
Investments in joint ventures		4,700,270	2,589,186
Investments in associates		517,938	574,221
Financial assets at fair value through other comprehensive income		2,842,090	816,872
Financial assets at fair value through profit or loss		1,850,497	605,720
Prepayments, deposits and other receivables		5,567	8,052
Derivative financial instruments		-	3,247
Deferred tax assets		986	2,312
Total non-current assets		25,504,864	19,813,853
CURRENT ASSETS			
Trade receivables	10	13,557	9,449
Loans and interest receivables	11	309,169	899,140
Prepayments, deposits and other receivables		1,230,374	1,180,852
Financial assets at fair value through other comprehensive income		955,430	198,615
Financial assets at fair value through profit or loss		375,023	300,980
Prepaid income tax		2,558	4,107
Deposits with brokerage companies		10,267	10,394
Pledged deposits		26,427	965,000
Restricted bank balances		194,475	67,088
Cash and cash equivalents		5,518,383	6,029,457
Total current assets		8,635,663	9,665,082
CURRENT LIABILITIES			
Other payables and accruals		475,018	312,542
Interest-bearing bank borrowings		535,668	1,053,549
Tax payable		761,246	768,185
Total current liabilities		1,771,932	2,134,276
NET CURRENT ASSETS		6,863,731	7,530,806
TOTAL ASSETS LESS CURRENT LIABILITIES		32,368,595	27,344,659
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		9,936,900	7,894,382
Notes payable		1,928,892	1,922,845
Other payables		10,552	20,716
Derivative financial instruments		77,632	-
Deferred tax liabilities		346	328
Total non-current liabilities		11,954,322	9,838,271
Net assets		20,414,273	17,506,388
EQUITY			
Issued capital	12	388,233	388,233
Reserves		20,026,040	17,118,155
Total equity		20,414,273	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.

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 financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties and derivative financial instruments which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year’s 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</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the “Conceptual Framework”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts of requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.
- (b) 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.

- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. 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 hedging relationships.
- (d) 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 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 for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The Group has early adopted the amendment on 1 January 2020 and the amendments did not have any impact on the financial position and performance of the Group.
- (e) 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, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

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 resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group’s profit or loss before tax except that finance costs as well as head office and corporate expenses are excluded from such measurement.

Information regarding the reportable segments is presented below.

Reportable segment information

Year ended 31 December 2020

	Property development and investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
Segment revenue (note 4)			
Revenue from external customers	480,990	107,825	588,815
Segment results	574,067	485,796	1,059,863
Corporate and unallocated expenses			(63,566)
Finance costs			(374,096)
Profit before tax			622,201
Other segment information:			
Share of profits of:			
Joint ventures	71,547	-	71,547
Associates	15,995	-	15,995
Capital expenditure in respect of items of property and equipment	1,147	-	1,147
Depreciation	57,744	-	57,744
Fair value losses on derivative financial instruments – transactions not qualifying as hedges	76,738	-	76,738
Fair value losses on investment properties, net	39,437	-	39,437
Fair value gains on financial assets at fair value through profit or loss, net	-	445,697	445,697
Reversal of impairment losses/(impairment losses) on financial assets, net	(503)	1,460	957
Investments in joint ventures	4,700,270	-	4,700,270
Investments in associates	517,938	-	517,938

Year ended 31 December 2019

	Property development and investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
Segment revenue (note 4)			
Revenue from external customers	477,140	87,496	564,636
Segment results	645,751	114,548	760,299
Corporate and unallocated expenses			(80,107)
Finance costs			(278,426)
Profit before tax			401,766
Other segment information:			
Share of profits/(losses) of:			
Joint ventures	136,532	-	136,532
Associates	(32,913)	-	(32,913)
Capital expenditure in respect of items of property and equipment	42,342	-	42,342
Depreciation	51,155	-	51,155
Fair value losses on derivative financial instruments – transactions not qualifying as hedges	68,306	-	68,306
Fair value losses on ineffectiveness of hedges of net investments in foreign operations	18,311	-	18,311
Fair value gains on investment properties, net	165,297	-	165,297
Fair value losses on financial assets at fair value through profit or loss, net	-	5,661	5,661
Reversal of impairment losses/(impairment losses) on financial assets, net	(1,735)	15,713	13,978
Investments in joint ventures	2,589,186	-	2,589,186
Investments in associates	574,221	-	574,221

Geographical information

(a) Revenue from external customers

	2020 HK\$'000	2019 HK\$'000
United Kingdom	480,990	477,140
Mainland China	1,290	132
Hong Kong	106,535	87,364
	588,815	564,636

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

(b) Non-current assets

	2020 HK\$'000	2019 HK\$'000
United Kingdom	19,705,504	17,206,199
Mainland China	70,815	205,134
Hong Kong	699,845	727,320
Australia	329,560	241,871
	<u>20,805,724</u>	<u>18,380,524</u>

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

Information about major customers

Revenue of HK\$94,938,000, HK\$79,778,000 and HK\$62,744,000 (2019: HK\$95,003,000, HK\$72,515,000 and HK\$57,290,000) were derived from three (2019: three) tenants in the property development and investment segment.

4. REVENUE, OTHER INCOME AND GAINS, NET

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

	2020 HK\$'000	2019 HK\$'000
<u>Revenue</u>		
<i>Interest income</i>		
Interest income from debt investments	74,239	47,107
Interest income from loans receivable	32,164	42,009
	<u>106,403</u>	<u>89,116</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	5,565
Other lease payments, including fixed payments	480,451	471,575
	<u>480,990</u>	<u>477,140</u>
Losses on disposal of financial assets at fair value through profit or loss, net	-	(6,039)
Dividend income from listed equity investments	1,422	4,419
	<u>482,412</u>	<u>475,520</u>
	<u>588,815</u>	<u>564,636</u>

	2020	2019
	HK\$'000	HK\$'000
<u>Other income and gains, net</u>		
Bank interest income	47,574	89,895
Interest income from an amount due from an associate	97,350	-
Fair value gains on financial assets at fair value through profit of loss, net	445,697	-
Exchanges gains, net	187,229	-
Fair value gains on investment properties, net	-	165,297
Gains on disposal of financial assets at fair value through profit or loss, net	-	105,565
Gain on disposal of subsidiaries	-	140,290
Gain on redemption of debt investments at fair value through other comprehensive income	3,875	1,163
Gain on disposal of items of property and equipment	48	-
Others	46	632
	781,819	502,842

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2020	2019
	HK\$'000	HK\$'000
Interest on bank borrowings	243,643	202,826
Interest on notes payable	129,126	73,708
Interest on lease liabilities	1,327	1,892
	374,096	278,426

6. PROFIT BEFORE TAX

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

	2020	2019
	HK\$'000	HK\$'000
Depreciation of owned assets	36,437	29,424
Depreciation of right-of-use assets	21,307	21,731
	57,744	51,155
Lease payments not included in the measurement of lease liabilities	1,391	1,743
Auditor's remuneration	5,500	5,320
Employee benefit expense (including directors' remuneration):		
Wages and salaries	202,773	201,479
Pension scheme contributions	6,443	5,344
	209,216	206,823
Foreign exchange differences, net	(187,229)	18,328

Reversal of impairment losses of financial assets, net		
Impairment losses/(reversal of impairment losses) of debt investments at fair value through other comprehensive income, net	4,156	(59)
Reversal of impairment losses of loans and interest receivables, net	(5,911)	(15,654)
Impairment losses on financial assets included in prepayments, deposits and other receivables, net	798	1,735
	<u>(957)</u>	<u>(13,978)</u>
Gross rental income	(480,990)	(477,140)
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	3,431	9,341
Net rental income	<u>(477,559)</u>	<u>(467,799)</u>

7. 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 year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2019: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2019: 8.25%) and the remaining assessable profits are taxed at 16.5% (2019: 16.5%). Taxes on profits assessable in elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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

	2020 HK\$'000	2019 HK\$'000
Current charge for the year		
Hong Kong	7,013	8,065
Mainland China	6,906	39,529
UK	18,876	11,644
Overprovision in prior years	(106)	(55,125)
Deferred tax	1,344	(16,370)
Total tax charge/(credit) for the year	<u>34,033</u>	<u>(12,257)</u>

8. DIVIDENDS

	2020 HK\$'000	2019 HK\$'000
Proposed final: HK\$0.02 (2019: HK\$0.02) per ordinary share	<u>77,647</u>	<u>77,647</u>

The final dividend for the year ended 31 December 2020 proposed subsequent to the reporting period has not been recognised as a liability at the end of the reporting period and is subject to the approval of the Company’s shareholders at the forthcoming annual general meeting.

No interim dividend was declared in respect of the years ended 31 December 2020 and 2019.

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

The calculation of the basic earnings per share amounts is based on the profit 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 per share amounts presented for the years ended 31 December 2020 and 2019 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:

	2020 HK\$'000	2019 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>588,168</u>	<u>414,023</u>
	Number of shares	
	2020	2019
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	<u>3,882,334,668</u>	<u>3,882,334,668</u>

10. TRADE RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Trade receivables	<u>13,557</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:

	2020 HK\$'000	2019 HK\$'000
Within 1 month	5,092	3,022
1 to 3 months	1,084	6,427
3 to 6 months	3,561	-
6 to 12 months	3,820	-
	<u>13,557</u>	<u>9,449</u>

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

11. LOANS AND INTEREST RECEIVABLES

	Notes	2020 HK\$'000	2019 HK\$'000
Loans receivable			
Secured	(i)	-	40,000
Unsecured	(ii)	310,815	862,860
		310,815	902,860
Interest receivable		6,455	10,292
		317,270	913,152
Less: Impairment allowance	(iii)	(8,101)	(14,012)
		309,169	899,140

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.

Notes:

- (i) The loans receivable was stated at amortised cost at an effective interest rate of 12%. The credit term of the loans receivable was 1 year.
- (ii) These loans receivable are stated at amortised cost at effective interest rates ranging from 10% to 15% (2019: 7% to 20%). The credit terms of these loans receivable range from 3 months to 1 year (2019: 1 month to 1 year).
- (iii) The movements in the loss allowance for the impairment of loans and interest receivables are as follows:

	2020 HK\$'000	2019 HK\$'000
At 1 January	14,012	29,666
Impairment losses/(reversal of impairment losses), net		
Loans repaid/derecognised	(14,012)	(29,666)
New loans granted	8,101	14,012
	(5,911)	(15,654)
At 31 December	8,101	14,012

As at 31 December 2020, loans and interest receivables of HK\$317,270,000 (2019: HK\$876,997,000), before impairment allowance, were within its credit period and all these balances were categorised within Stage 1 for the measurement of expected credit losses.

As at 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, the Group considers that there has no significant change in credit risk of the borrower and all the balances were categorised within Stage 1 for the measurement of expected credit losses. The overdue balance of HK\$36,155,000 was fully repaid during the year ended 31 December 2020.

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 31 December 2020, the probability of default applied ranged from 1.98% to 5.29% (2019: 1.95% to 8.45%) and the loss given default was estimated to be approximately 62% (2019: 62%).

12. SHARE CAPITAL

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

RESULTS

The Group achieved a consolidated revenue of HK\$588.8 million, representing an increase of approximately 4.3% compared to HK\$564.6 million in 2019. The Group's net profit for the year was HK\$588.2 million (2019: HK\$414.0 million). The profit attributable to shareholders for the year was HK\$588.2 million (2019: HK\$414.0 million). The basic earnings per share for the year was HK15.15 cents (2019: HK10.66 cents).

FINAL DIVIDEND

The directors are pleased to recommend a final dividend of HK\$0.02 (2019: HK\$0.02) per ordinary share to shareholders who are registered on the Register of Members of the Company at the close of business on 27 May 2021. Subject to approval at the Company's forthcoming annual general meeting ("AGM"), dividend warrant will be sent to shareholders on or about 4 June 2021.

CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on Tuesday, 18 May 2021. A notice of the AGM will be published and dispatched to the shareholders in due course.

The Register of Members of the Company will be closed from Thursday, 13 May 2021 to Tuesday, 18 May 2021, both days inclusive, for determining the eligibility of shareholders for attending and voting at the AGM. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates should be lodged for registration with Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m., Wednesday, 12 May 2021.

The Register of Members of the Company will also be closed from Tuesday, 25 May 2021 to Thursday, 27 May 2021, both days inclusive, for determining the eligibility of shareholders for the proposed final dividend. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates should be lodged for registration with Tricor Secretaries Limited of above address no later than 4:30 p.m., Monday, 24 May 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Revenue and Operating Profit

The Group recorded a revenue of HK\$588.8 million in 2020, an increase of 4.3% compared with HK\$564.6 million in 2019. This includes rental income of HK\$481.0 million (2019: HK\$477.1 million), representing 81.7% (2019: 84.5%) of the total revenue. The two properties, The Leadenhall Building and, One Kingdom Street, with a total of 875,000 square feet ("sqf") of leasable area, are practically fully let during the year.

Rent collections over the year are at satisfactory levels due to the buildings' first class tenants and the Group's quality asset management. The Group has collected 97% of the rents in the year, the shortfall being primarily caused by a few tenants' ongoing negotiation through the rent deferral support programs. Leasing activity remained strong in spite of the pandemic. Since the beginning of the year, leases totalling over 530,000 sqf were subject to rent review, of which a total of 163,000 sqf were renewed at a weighted average rate of increase of 5.9%, representing 6.2% and 4.4% increase for The Leadenhall Building and One Kingdom Street respectively. The remaining leases are in the process of negotiation.

The treasury investment segment recorded realized profits of HK\$3.9 million (2019: HK\$100.7 million) and fair value gains of HK\$445.7 million (2019: fair value losses of HK\$5.7 million) from its investment portfolio covering both equity shares and fund investments during the year.

Other income and gains increased by HK\$279.0 million for the year ended 31 December 2020 to HK\$781.8 million as compared to 2019 as a result of the followings:

1. Net fair value gains on financial assets at fair value through profit or loss of HK\$445.7 million (2019: net fair value losses of HK\$5.7 million).
2. Net exchange gains of HK\$187.2 million (2019: net exchange losses of HK\$18.3 million) mainly benefiting from the management's astute decision to grasp the opportunity for purchasing GBP at favourable exchange rates, for the purpose of meeting the Group's commitments to the two development projects in the UK, following the depreciation of the GBP against HK\$ as a result of interest rate cut in March 2020.

The increase in other income and gains was partially offset by the non-occurrence of the following items recorded in 2019:

1. Fair value gains on investment properties of HK\$165.3 million.
2. One-off disposal gains of HK\$140.3 million from two property development projects.
3. Net gains on disposal of financial assets at fair value through profit or loss of HK\$105.6 million.

Finance costs increased by HK\$95.7 million to HK\$374.1 million for the year ended 31 December 2020 following a full period of reflection of the interest incurred on the 3-year guaranteed notes issued by the Group in June 2019 and the drawdown on a new bank loan in April 2020.

The Group's net share of joint venture profit was HK\$71.5 million (2019: HK\$136.5 million). The decrease was as a result of the disposal of a joint venture operation in the last year which was the largest contributor with a share of profits of HK\$176.9 million to the Group in 2019, offset by the share of profit from the Whiteleys Project of HK\$81.3 million in 2020. The remaining share of loss represented the Group's share of administrative costs, marketing expenses and finance costs of the joint-venture projects.

The Group recorded a full year net profit of HK\$588.2 million (2019: HK\$414.0 million) representing an increase of 42.1%.

Investment Properties

As at 31 December 2020, the Group held a portfolio of three commercial properties, totalling 1,182,000 sqf of office, retail and car parking spaces located in two countries namely, the United Kingdom and, Australia. In terms of area, the United Kingdom assets accounted for 74% of the portfolio while 26% of the portfolio was owned by the Group through a joint venture in Melbourne.

During the year 2020, the Group generated a rental income of HK\$481.0 million (2019: HK\$477.1 million) from its investment properties in London. The pandemic has created uncertainty and increased volatility in the financial markets. The Group recorded a decrease in the fair value of its investment properties and recognised a loss of HK\$39.4 million in the profit and loss for the year. This decrease of the fair value was specific to the One Kingdom Street investment property. The Leadenhall Building proved resilient without changes in its value as rental values and yields remained stable. Although there is a slight drop in the fair value of One Kingdom Street, the building is fully-let which reflected it is well fancied by the tenants.

United Kingdom

The Leadenhall Building

The Leadenhall Building (“TLB”) is an iconic building in the United Kingdom, with a height of 225 metres (738 feet), combining flexible office space with retail and dining facilities at the lower section of the building. The unique form of the building creates its own distinctive profile within a cluster of emerging tall buildings in the City of London. The building is located in the prime financial and insurance districts of London. Completed in 2014, it is a core valuable asset of the Group and will be held by the Group as an investment property for long term capital growth. It is a 46 floors commercial tower and comprises approximately 610,000 sqf of office and retail space, and are practically fully multi-let with a weighted average unexpired lease term of approximately 10 years with 8 years on a term-certain basis. The building’s tenant base includes a number of renowned international insurance companies alongside other financial institutions, technology, and professional service businesses. The current annual rental income of TLB is in the region of GBP39.7 million (2019: GBP40.5 million). As at the year ended, 98% of the office space was leased. The rental yield is approximately 3.5% per annum.

The TLB App was launched in Q1 2020 which coincided with the introduction of the UK’s first nationwide lockdown in response to the Coronavirus crisis. Due to the prolonged lockdown in the first half of 2020, and the low numbers of occupants who returned to the building when Government restrictions allowed, it has been difficult to capture the attention of the community. The decision was taken to suspend the planned promotional campaign to encourage building occupants to download the App and reschedule this to 2021.

Since its launch, the App has primarily been utilised to provide up to date communications to tenants regarding COVID-19 procedures and policies. From October 2020, the App has published content updates such as articles on the best things to do in London during Autumn, information on the changes to the 2020 Poppy Appeal, and the promotion of two virtual LED-Talks.

The Building Management, via the bespoke TLB App continues to revise the reoccupation guidelines for tenants returning to office, working in sync with government advice to ensure occupier safety at all times.

To increase and maintain the status of the building as an iconic international building, the Group has organized marketing events within the building as part of the London Mural Festival as workers returned, and helped support Arts, a sector which had been hit particularly hard by the COVID-19 crisis.

One Kingdom Street

The building is a contemporary Grade A office building located inside the Sheldon Square which comprises of office and residential blocks, a hotel, retail, dining, and entertainment amenities. Designed by award-winning British architects, the building features a generous reception lounge and central atrium, while above, 265,000 sqf of superior office space are spread over nine beautifully finished floors and with some parking spaces at the basement. The building captures an annual rental income of approximately GBP15.0 million (2019: GBP15.0 million), equivalent to an annual yield of 5.1%. It is fully let throughout the year to reputable tenants.

Tenant-mix enhancement initiatives were implemented to meet various customer demands. To enhance the interactions and harmonious relationship among occupiers of the building, occupier engagement events were introduced to maintain a sense of belonging among the building community.

Australia

85 Spring Street, Melbourne

The site is perfectly positioned in the heart of Spring Street within Melbourne’s premium neighbourhood. Planning to redevelop the site into a commercial office tower of 307,000 sqf of net lettable office accommodation, an increase of 197,000 sqf, has been approved. The building benefits from dual street frontage, and direct access to the Parliament train station. The acquisition cost is AUD112 million and the Group has a 41.9% effective interest in the development.

Joint Ventures

As at 31 December 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.

The Group's net investment in joint venture projects increased to HK\$5,218 million at 31 December 2020, up from HK\$3,163 million in the previous year. The increase was largely due to contributions to fund ongoing development expenditure, in particular for the development of Nine Elms Square and the Whiteleys Shopping Centre. Significant progress has been made with these two development projects in the UK.

Prior to the impact of the pandemic in 2019, the construction of Nine Elms Square Phase I comprising 3 residential towers totalling approximately 680,000 sqf were progressing on time as planned. Subsequently with lockdown and other measures enforced by the government, there was a delay in progress but the situation is improving. Based on current schedule, the Group expects Phase I to be completed and delivered to the buyers by 2023.

Planning was submitted for the Whiteleys residential development project while the design process continues. Piling and excavation works are underway, and contractors have been selected for the development of about 580,000 sqf of the project portfolio. The construction was going well before a brief pause during the initial weeks of the lockdown and subsequent activities have resumed albeit at a slower rate, in part due to social distancing requirements. Agreements with agents have been reached after discussions in the latter part of the year for sales and marketing of the residential component with the anticipation to roll out the sales launch within this year.

Nine Elms Square - London

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

The project began in 2017 when initial construction began on the 10.3 acre (4.2 hectare) site. The overall construction consists of 12 (mixed-use) buildings, including three primary towers which extend upwards over 54 storeys.

Nine Elms Square is located at the southern bank of the River Thames in Central London. When completed the towers will provide breathtaking views over London, extending from the Thames and London Eye to the new American Embassy - a rare sight in Central London. With the Linear Park next to the project, residents will have all the convenience of a central urban location, coupled with the benefit and lifestyle near a recreational park.

The project will be developed in two phases. Most of the units will enjoy a panoramic view of the River Thames. Construction of Phase I is progressing well but development activity has slowed due to COVID-19. Phase I of the project will be developed through 2023. More than eighty units have been taken up as at end of 2020 since the presale launch in early 2020. The pandemic has a negative effect on buyers committing to a purchase as they would generally wait for clarity on its economic impact, and at the same time, the ongoing lockdown has restricted travel, thus reducing potential buyers' ability to better understand the development. The Group expects turnover continues to be soft until the economic and social conditions return to a more normal condition once the pandemic comes under control.

When fully developed, the whole project will provide about 1,500 residential units with a total saleable area of approximately 1.7 million sqf.

Nine Elms Square is in one of the best connected locations in London, with fast and easy access to all major points within the city. The planned transport improvement package will make this area even more convenient to reside in years to come.

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 project with about 580,000 sqf will deliver 153 residential apartments, a 5-star hotel, retail and restaurant spaces in prime Central London. Demolition work was completed. Piling and excavation works are underway. The residential development represents 56% of the entire Whiteleys portfolio providing this joint-venture project further opportunities to add value, and is set to deliver circa 316,000 sqf of premium residential apartments. 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 the end of 2020, the capital investment contributed by the Group amounted to GBP112.4 million.

Harbourside HQ – Hong Kong

Harbourside HQ is a 28-storey Grade A office building with a total marketable gross floor area of approximately 795,000 sqf, including retail spaces on the ground and first floor, and 285 parking spaces. It is located next to the Kai Tak Development District, close to the junction of the MTR Kwun Tong line and the Shatin to Central Link, as well as near to the Tate's Cairn and Eastern Harbour Crossing, making it easily accessible and well connected to different districts of Hong Kong.

Given its unique location, Harbourside HQ commands a panoramic harbour view from the Lei Yue Mun Straits to the Victoria Harbour. The cost of acquisition was HK\$7.5 billion in which the Group has a 25% ownership interest. The rental yield is about 2% per annum.

Refurbishment and upgrading to the entrance hall and common areas, as well as improvement of the external curtain walls are substantially completed to attract an upscale tenant profile.

Development Project – PRC

The project is located in the Chongqing 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 to be opened in the vicinity. This development project, in which the Group has a participating interest of 33.3% in a joint venture with a planned investment of about RMB800 million, will comprise 7.0 million sqf of commercial, retail and residential spaces. The project will be developed in two phases. Construction of the first phase is in progress. Presale for the first phase of 3.7 million saleable sqf was launched in June 2020 and construction work for the second phase commenced in October 2020. Completion of the whole project is expected in the second half of 2022.

Treasury Investment Business

The treasury investment segment recorded a gain of HK\$477.6 million (2019: HK\$126.2 million). The dividends and interests earned from investments and loans receivable amounted to HK\$107.8 million (2019: HK\$93.5 million). The realized gain and fair value gains from its investment portfolio amounted to HK\$3.9 million and HK\$445.7 million respectively (2019: realized gains of HK\$100.7 million and fair value losses of HK\$5.7 million respectively).

OUTLOOK

In spite of the current pandemic crisis, the Group's position is well safeguarded. The Group's leasing activities remain strong, and its development projects are focused on high quality and in premium locations that have unyielding demands. Its healthy financial position will enable the Group to withstand volatility and retain capacity for growth.

London, after Brexit, continues to be a key global financial center. The Group remains confident in London to maintain this status.

While in Australia, the Group believes that the Melbourne Spring Street Project will offer significant opportunity for rental growth as a result of population growth and strong commercial demand for premium office space.

The Group's strategic objective is sustainable growth in shareholder value in the long term. To achieve this objective, the Group has built up a globally diversified portfolio of high-quality assets that generate sustainable and growing distributions over the long term. The Group will look out for opportunities to diversify its asset base and will maintain a disciplined approach to operations while achieving its goals to expand its portfolio.

FINANCIAL REVIEW

Investments

The Group invested surplus cash in a diversified portfolio of listed equity securities, unlisted investment funds and debt instruments. As at 31 December 2020, the portfolio of investments comprised of listed equity securities, unlisted investment funds and debt instruments with an aggregate carrying value of HK\$6,023.0 million (31 December 2019: HK\$1,922.2 million) which is listed in the table below:

	31 December 2020 HK\$' million	31 December 2019 HK\$' million
Financial assets at fair value through profit or loss		
Listed equity securities	284.4	223.6
Unlisted investment funds	1,850.5	605.7
Debt instrument	90.6	77.4
	<u>2,225.5</u>	<u>906.7</u>
Financial assets at fair value through other comprehensive income		
Listed equity securities	2,525.2	649.7
Debt instruments	1,272.3	365.8
	<u>3,797.5</u>	<u>1,015.5</u>
Total	<u><u>6,023.0</u></u>	<u><u>1,922.2</u></u>

The increase in the Group's investments portfolio as at 31 December 2020 was mainly attributable to the total fair value gains of HK\$2.4 billion from the portfolio of financial assets at fair value through profit or loss and other comprehensive income as well as the acquisition of senior notes issued by a major PRC property developer in the amount of HK\$0.9 billion in November 2020.

In 2020, the Group recognized from its portfolio of investments during the year unrealized fair value gains of HK\$445.7 million (2019: fair value losses of HK\$5.7 million) in the consolidated statement of profit or loss and unrealized fair value gain of HK\$1.9 billion (2019: fair value loss of HK\$202.6 million) in the consolidated statement of other comprehensive income. The realized gain on the portfolio of investments for the year was HK\$3.9 million (2019: HK\$100.7 million), whereas the amount of dividends and interest income from investments was HK\$75.7 million (2019: HK\$51.5 million). In terms of future prospects of the Group's investments, the performance of the listed equity securities and unlisted investment funds held is to a large extent subject to the performances of the relevant financial markets which are liable to change rapidly and unpredictably.

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

Significant investments of individual fair value of 5% or above of the Group's total assets
- China Evergrande New Energy Vehicle Group Limited (Stock Code: 708) ("Evergrande Vehicle")

The principal business activities of Evergrande Vehicle include technology research and development and manufacturing of, and sales services in respect of new energy vehicles as well as health management businesses including "Internet+" community health management, international hospitals, elderly care and rehabilitation.

As at 31 December 2020, the Group held 83,615,000 shares with an investment cost of HK\$181.2 million in Evergrande Vehicle, representing 0.95% of its issued shares. The fair value of the Group's investment in Evergrande Vehicle was HK\$2.5 billion representing 7.4% of the Group's total assets. In terms of performance, the share price of Evergrande Vehicle rose by 289% during the year and accordingly the Group recognized an unrealized fair value gain of HK\$1.9 billion, as compared to an unrealized fair value loss of HK\$0.2 billion recorded in the previous year, in the consolidated statement under other comprehensive income. No dividend was received from the Group's investment in Evergrande Vehicle during the year. In terms of future prospects of the Group's investment in Evergrande Vehicle, its performance is to a large extent subject to the development of the new energy vehicle industry as well as the development pace of its six first-phase "Hengchi" vehicle models revealed in August 2020. The Group will continuously assess the performance of its investment in Evergrande Vehicle and make timely and appropriate adjustments to maximize its return to the shareholders.

Other than the investment in Evergrande Vehicle, no other single investment of the Group's portfolio of investments accounted for 5% or more of its total assets.

Liquidity and Financial Resources

The Group's net borrowings increased to HK\$6.7 billion at 31 December 2020, compared to HK\$3.8 billion at 31 December 2019. The increase was mainly due to the need to contribute funding to the development of the Group's property projects in the UK. As a result, the Group's net gearing ratio increased to 32.6% at 31 December 2020 from 21.8% at 31 December 2019, which the Group considers is still at a healthy level.

As at 31 December 2020, the Group had total bank borrowings and notes payable amounting to HK\$12.4 billion with the maturity profile spreading over a period of two years with HK\$0.5 billion repayable within one year and the remaining HK\$11.9 billion repayable after one year.

The total net borrowings represented a loan-to-property value of 43.5% (2019: 25.6%). At 31 December 2020, the Group had cash and cash equivalents of HK\$5.7 billion and undrawn credit facility of HK\$1 billion totalling HK\$6.7 billion.

The Group's weighted average cost of debt for the year was 3.2% (2019: 3.0%), marginally higher than the previous year.

As at 31 December 2020, cash and cash equivalents balances totalled HK\$5.7 billion as compared to HK\$7.1 billion as at 31 December 2019. About 60% of the Group's bank deposits and cash were denominated in HKD, 19% in USD, 19% in GBP and 2% in RMB.

The Group continues to maintain a high level of liquidity. Total assets as at the end of December 2020 were HK\$34.1 billion, of which approximately 25.3% was current in nature. Net current assets were HK\$6.9 billion and accounted for approximately 33.6% of the net assets of the Group.

As at 31 December 2020, the owners' equity was HK\$20.4 billion (2019: HK\$17.5 billion) and the net asset value per share was HK\$5.26 (2019: HK\$4.51).

Contingent Liabilities/Financial Guarantees

At 31 December 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\$211 million (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 which was fully utilized (2019: HK\$1,119 million).
3. Guarantees given to banks and an independent third party in connection with facilities and related interest rate hedging instruments facilities granted to associates up to HK\$1,503 million which was fully utilized (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\$735 million and HK\$871 million respectively (2019: HK\$1.7 billion and HK\$0.8 billion respectively).

Pledge of Assets

As at 31 December 2020, investment properties and property and equipment in the respective amount of HK\$15.3 billion and HK\$75 million have been pledged as security for banking facilities granted to the Group, and bank deposits of HK\$26 million have been pledged as security for a banking facility granted to a joint venture.

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/or forward currency exchange contracts to offset against any unexpected and unfavorable currency movements, which may result in a loss on translation of the net foreign investment into Hong Kong dollars. As at end of the year, no forward currency exchange contract has been executed by the Group.

EMPLOYEES

As at year end of 2020, the Group employed a total of 121 employees in Hong Kong, China and the United Kingdom for its principal business. Remuneration costs for the year (excluding directors' emoluments) amounted to approximately HK\$127 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 merit, qualifications, performance and competence. Other benefits offered to employees include contributions of mandatory provident fund, medical and travel insurances, and training subsidies.

Employees are also eligible to be granted share options under the Company's share option scheme at the discretion of the Board. For 2019 and 2020, no equity-settled share option expense was charged off to the consolidated statement of profit or loss.

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 Rules Governing the Listing of Securities on the Stock Exchange (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 2020 as set out in this announcement have been agreed by the Company's independent auditors, Ernst & Young ("EY"), to the amounts set out in draft consolidated financial statements of the Group 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 2020.

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 2020 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, 22 March 2021

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.