



C C LAND HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 1224

INTERIM REPORT
2019



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Corporate Information

DIRECTORS

Executive directors

Mr. Cheung Chung Kiu (*Chairman*)
Dr. Lam How Mun Peter
(*Deputy Chairman & Managing Director*)
Mr. Wong Chi Keung (*Deputy Chairman*)
Mr. Leung Chun Cheong
Mr. Leung Wai Fai

Independent non-executive directors

Mr. Lam Kin Fung Jeffrey
Mr. Leung Yu Ming Steven
Dr. Wong Lung Tak Patrick

AUDIT COMMITTEE

Mr. Lam Kin Fung Jeffrey (*Chairman*)
Mr. Leung Yu Ming Steven
Dr. Wong Lung Tak Patrick

NOMINATION COMMITTEE

Mr. Cheung Chung Kiu (*Chairman*)
Dr. Lam How Mun Peter
Mr. Lam Kin Fung Jeffrey
Mr. Leung Yu Ming Steven
Dr. Wong Lung Tak Patrick

REMUNERATION COMMITTEE

Mr. Leung Yu Ming Steven (*Chairman*)
Mr. Cheung Chung Kiu
Dr. Lam How Mun Peter
Mr. Lam Kin Fung Jeffrey
Dr. Wong Lung Tak Patrick

AUTHORISED REPRESENTATIVES

Dr. Lam How Mun Peter
Mr. Leung Chun Cheong

COMPANY SECRETARY

Ms. Cheung Fung Yee

WEBSITE

www.ccland.com.hk

SECURITIES CODES

Shares
1224.HK

USD250 million 6.35% guaranteed notes due 2022
4566.HK

REGISTERED OFFICE

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2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

25th Floor
China Resources Building
26 Harbour Road
Wanchai, Hong Kong

INDEPENDENT AUDITORS

Ernst & Young
Certified Public Accountants

LEGAL ADVISORS

Hong Kong
Cheung Tong & Rosa Solicitors

Bermuda
Conyers Dill & Pearman

SHARE REGISTRARS AND TRANSFER OFFICES

Principal share registrar and transfer office
MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

Hong Kong branch share registrar and transfer office
Tricor Secretaries Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Chong Hing Bank Limited
Hang Seng Bank Limited
ING Bank N.V., London Branch
The Bank of East Asia, Limited
Wing Lung Bank Limited
Industrial and Commercial Bank of China (Asia) Limited

Management Discussion and Analysis

On behalf of the Board of Directors (the “Directors” or the “Board”) of C C Land Holdings Limited (the “Company”), I am pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2019.

BUSINESS REVIEW

The Group continues to expand its property investment and development business mainly in the United Kingdom and Australia. Global interest rate cuts and Brexit have led to uncertainties in the economy and property market in the United Kingdom. The Group counteracts by always taking a prudent approach to leverage on its strong investment property portfolio to ensure a steady and strong rental income.

By end June 2019, the Group held a portfolio of 3 commercial properties, totalling 985,000 square feet (“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 89% of the portfolio while 11% of the portfolio was owned by the Group through a joint venture in Melbourne.

The UK portfolio continues to show consistent performance, being fully let at all times throughout the period. Rent reviews for One Kingdom Street and The Leadenhall Building were conducted during late 2018 and the first half of 2019 respectively. The weighted average increase in rental rates of One Kingdom Street achieved on renewals that commenced during the period was 4.3%. The property managers continue to focus on building a harmonious relationship with the tenants, working to ensure to fully utilize the buildings’ spaces, and meeting the tenants’ business and overall needs.

In April 2019, the Group’s joint venture completed the acquisition of a freehold B-grade office building with 110,000 sqf within the Melbourne CBD, Australia, at a consideration of AUD112 million. The Group holds an effective interest of 41.9% in the building which is currently vacant for carrying out renovation and refurbishment work to upgrade it to a high quality A-grade office building.

Nine Elms Square, a three-phased development in the South Bank of the River Thames is situated on a ten-acre parcel of land adjacent to the new American Embassy. The first phase of this project includes three luxurious residential buildings totalling approximately 680,000 sqf of saleable area. Construction, which is proceeding normally, commenced in late 2018 and is expected to be completed by second half of 2021.

In June 2019, the Group completed a successful first time issue of 3-year guaranteed notes due 2022 which are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and raised a total of US\$250 million with a coupon rate of 6.35% per annum.

In June 2019, the Group completed the disposal of its 42.86% effective interest in the Hunan Zhuzhou City Project for a consideration of approximately HK\$331 million. The total profit generated from this project amounted to HK\$55 million, HK\$21 million of which was recorded in the period under review.

The Group had a strong cash position of HK\$7.4 billion as at 30 June 2019. The Group’s gearing ratio at 30 June 2019 stood at 22.6% (31 December 2018: 22.5%).

The rental income for the first half of the year decreased to HK\$239.9 million from HK\$251.3 million in the first half of 2018. The decrease resulted from the depreciation of approximately 6% of the average exchange rate of the GBP against HK\$ compared with the first half of 2018, but was partially offset by the lease renewals and rent reviews during the period. Treasury investments contributed a revenue of HK\$39.1 million and, together with the rental income, generated a combined revenue of HK\$279.0 million, which decreased by HK\$26.4 million or 8.6% against the first half of 2018. The net profit was HK\$84.5 million, representing an increase of 24% compared to HK\$68.3 million for the same period in 2018.

The treasury investment segment recorded a net fair value loss of HK\$97.8 million, as the sum result of a gain of HK\$42.0 million accounted for in the consolidated statement of profit or loss, and a loss of HK\$139.8 million as recorded in the consolidated statement of comprehensive income (six months ended 30 June 2018: fair value loss of HK\$98.8 million in the consolidated statement of profit or loss and fair value gain of HK\$196.5 million in the consolidated statement of comprehensive income respectively). The realized loss for the period was HK\$5.4 million (six months ended 30 June 2018: HK\$1.6 million).

The profit attributable to shareholders for the period amounted to HK\$84.5 million (six months ended 30 June 2018: HK\$68.3 million). The basic earnings per share for the period were HK2.18 cents (six months ended 30 June 2018: HK1.76 cents).

Management Discussion and Analysis

Revenue and Operating Profit

In the first half of the year, the Group achieved a total revenue of HK\$279.0 million (six months ended 30 June 2018: HK\$305.4 million) which represents a decrease of 8.6% compared with the same period last year.

The profit attributable to shareholders was HK\$84.5 million (six months ended 30 June 2018: HK\$68.3 million).

Investment Properties

As at 30 June 2019, the Group owns two commercial properties in the United Kingdom and one office building in Australia through its subsidiaries and a joint venture respectively for rental income.

United Kingdom

The Group's two office buildings, namely The Leadenhall Building and One Kingdom Street are located in the prime financial and insurance districts of London, the United Kingdom. These two buildings remain the Group's core income producing real estate and continue to generate a strong rental income. Both buildings are fully owned by the Group with a total of approximately 875,000 sqf of office, retail and car parking spaces. The two buildings are 100% leased as at 30 June 2019.

During the six months ended 30 June 2019, the Group received a rental income of HK\$239.9 million or GBP23.6 million (six months ended 30 June 2018: HK\$251.3 million or GBP23.4 million) from its investment properties in the United Kingdom.

The Leadenhall Building

The Leadenhall Building is one of the iconic buildings in Central London. The building's unique design has created a number of custom designed spaces to match the different needs of its tenants. Over the years, it has provided a modern and comfortable workplace with famous food and beverage outlets within and in its vicinity. Judging from its full occupancy, the building is a much sought after destination for different businesses. This 46-storeyed office building is a crown jewel asset of the Group and will be held by the Group as an investment property for long term capital growth. It has approximately 610,000 sqf of office and retail space, and is fully multi-let with a weighted average unexpired lease term of approximately 11 years with over 8 years on a term-certain basis. The building's tenant base includes a number of renown international insurance companies alongside other financial institutions, technology, and professional service businesses. The current annual rental income of The Leadenhall Building is in the region of GBP40.2 million. The rental yield is approximately 3.5% per annum. The rental income for the six months ended 30 June 2019 was GBP16.0 million (six months ended 30 June 2018: GBP16.2 million).

To increase and maintain the status of the building as an iconic international building, the Group has organized events branded "Leadenhall Live" for 2019. The campaign aims to allow more people to experience in person the unique design of the building and its high tech but user friendly interior facilities. A new modern restaurant was also introduced to provide an unforgettable dining experience. A new website of The Leadenhall Building was launched in April 2019 to enhance user experience and more interaction with the tenants.

One Kingdom Street

The building is in Sheldon Square, which comprises of office and residential blocks, a hotel, retail, dining, and entertainment amenities. One Kingdom Street offers approximately 265,000 sqf of high quality Grade A office accommodation and some parking spaces. With elegant glazed exteriors, a warm welcoming functional entrance hall, and natural light, the building has created a productive and enjoyable working environment. The building captures an annual rental income of approximately GBP15.0 million, equivalent to an annual yield of 5.0%. It is fully let throughout the year to reputable major tenants. The rental income for the six months ended 30 June 2019 was GBP7.6 million (six months ended 30 June 2018: GBP7.2 million).

Tenant-mix enhancement initiatives were implemented to meet the various customer demands. Promotional events were introduced during the period to enhance cultural contact with the community, including a Valentine's Day flower arranging exhibition, as well as educational events.

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, surrounded by international retailers, restaurants, and magnificent historical buildings. The property has a site area of 13,358 sqf and provides a lettable area of approximately 110,000 sqf across the ground and 15 upper office levels, with basement parking for 23 cars. 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 an 41.9% effective interest. The building is currently vacant for carrying out renovation and refurbishment work to upgrade it to a Grade A office building. The renovation is expected to be completed in year 2020.

Joint Ventures

As at 30 June 2019, the Group had one joint venture property development project in each of London and Hong Kong.

The Group's net investment in joint venture projects was HK\$3,239 million, a decrease from HK\$3,652 million at 31 December 2018, largely due to the disposal of the 42.86% effective interest in a PRC property development project located in Zhuzhou City, Hunan Province. The Group realized a cash profit of HK\$55 million from the disposal of the Zhuzhou Project.

The loan investment in a PRC real estate company with a guaranteed fixed rate of return by the Group's 48.98% owned joint venture continues to perform well. This joint venture stands in good stead to deliver sustainable income irrespective of any slowdown in the industry. The acquisition of 50% interest in the PRC property development project in Sichuan with a site area of about 1.5 million sqf and a total gross floor area ("GFA") of 4.5 million sqf is progressing and expected to be completed in second half of 2019.

Nine Elms Square – London

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

Nine Elms Square is located at the southern bank of the River Thames in Central London, and the high floors from the proposed towers will command panoramic views across the entire London city, a rare sight indeed in Central London. With the Linear Park next to the project, residents have all the convenience of a central urban location, coupled with the benefit and lifestyle of a recreational park.

Nine Elms Square occupies a ten-acre site, comprising of twelve buildings including three tall towers, and will be a landmark residential place on the South Bank. This project will be developed in three phases. Most of the units will enjoy a panoramic view of the River Thames. Phase I of the project is tentatively expected to be completed in the second half of 2021. 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.

Harbourside HQ (previously called OCTA Tower) – Hong Kong

The Kowloon East area, including Kowloon Bay where the Harbourside HQ is located, will see significant expansion of office floor area in the medium term. Due to low vacancy rate in the central business districts, office investment and leasing activity will likely shift to emerging sub-areas, such as Kowloon East, taking advantage of the presence of banks and insurance companies, as well as infrastructure developments in the region.

The 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 easily accessible and well connected to different districts of Hong Kong. In its unique location, Harbourside HQ commands a thorough harbour view panning from the Lei Yue Mun straits to Victoria Harbour. It is a 28-storeyed Grade A office building, with a total marketable GFA of approximately 795,000 sqf including retail spaces on the ground and first floor, and 285 parking spaces. 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 under way to re-position and re-brand the property to attract an upscale tenant profile.

Management Discussion and Analysis

Treasury Investment Business

The treasury investment segment recorded a gain of HK\$61.5 million (six months ended 30 June 2018: a loss of HK\$70.8 million). The dividends and interests earned from investments and loans receivable amounted to HK\$45.2 million (six months ended 30 June 2018: HK\$54.7 million). The realized loss and fair value gain from its investment portfolio amounted to HK\$5.4 million and HK\$42.0 million respectively (six months ended 30 June 2018: realized loss of HK\$1.6 million and fair value loss of HK\$98.8 million respectively).

CORPORATE STRATEGY AND OUTLOOK

London, where the lion share of the Group's property projects are located, has undergone changes throughout the past few years, primarily related to Brexit. The current political and economic uncertainties have impacted market sentiments. However, London's position is unique in that it has a transparent and trusted legal system, international connectivity, a universally accepted language, and open attitude to overseas businesses. The Group is confident that London will retain its position as a top global financial centre. With its financial strength and experience, the Group is confident of its ability to outstay and overcome any market uncertainty. On the other hand, the current situation will make available more opportunities for the Group should major corrections occur.

In Melbourne, the commercial property market is going strong, with a very low vacancy rate. The Group is repeating its successful investment strategy in Sydney through a joint venture in acquiring the Spring Street property. It is confident that after well designed upgrading and refurbishment works, the building will turn out to be a popular Grade-A office building with a favourable tenant mix, thus creating a much higher capital value. The renovation works are due to complete in 2020. Meanwhile the Group is on the lookout for more investment opportunities in the Australian market.

The Group will continue to diversify its asset base and will maintain a disciplined approach while achieving its goal 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 investments. As at 30 June 2019, the portfolio of investments has an aggregate carrying value of HK\$2,833.8 million (31 December 2018: HK\$3,005.9 million) which is listed in the table below:

	30 June 2019 HK\$' million	31 December 2018 HK\$' million
Financial assets at fair value through profit or loss		
Listed equity securities	220.9	192.0
Unlisted investment funds	1,339.5	1,446.0
Debt instruments	45.3	–
	1,605.7	1,638.0
Financial assets at fair value through other comprehensive income		
Listed equity securities	773.0	931.6
Debt instruments	455.1	436.3
	1,228.1	1,367.9
Total	2,833.8	3,005.9

In terms of performance, the Group recognized from its portfolio of investments during the period an unrealized fair value gain of HK\$42.0 million (six months ended 30 June 2018: unrealized fair value loss of HK\$98.8 million) in the consolidated statement of profit or loss, and unrealized fair value loss of HK\$139.8 million (six months ended 30 June 2018: unrealized fair value gain of HK\$196.5 million) in the consolidated statement of other comprehensive income. The realized losses on the portfolio of investments for the period was HK\$5.4 million (six months ended 30 June 2018: HK\$1.6 million), whereas the amount of dividends and interest income from investments for the period was HK\$24.2 million (six months ended 30 June 2018: HK\$24.1 million). In terms of future prospects of the Group's investments, the performance of the listed equity securities, 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 ended the period with net borrowings of HK\$3.8 billion (31 December 2018: HK\$3.8 billion) which consists of cash and bank balances and time deposits of HK\$7.4 billion and HK\$11.2 billion total borrowings drawn under the Group's banking facilities and the issue of notes. The gearing level, net of cash represented 22.6% of the total equity at 30 June 2019 (31 December 2018: 22.5%).

As at 30 June 2019, cash and bank balances and time deposit totalled HK\$7.4 billion as compared to HK\$6.2 billion as at 31 December 2018. About 25% of the Group's bank deposits and cash were denominated in HKD, 41% in USD, 11% in RMB, and 23% in GBP.

The Group continues to maintain a high level of liquidity. Total assets as at the end of June 2019 were HK\$29.3 billion, of which approximately 30% were current in nature. Net current assets were HK\$5.9 billion and accounted for approximately 35% of the net assets of the Group.

Net assets decreased over the course of the period by HK\$0.2 billion, or 1% to HK\$16.9 billion (31 December 2018: HK\$17.1 billion). The net assets value per share as at 30 June 2019 was HK\$4.35 (31 December 2018: HK\$4.41).

Contingent Liabilities/Financial Guarantees

At 30 June 2019, 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 amounted to HK\$198 million (31 December 2018: HK\$248 million).
2. Guarantee given to a bank in connection with a facility granted to a joint venture up to HK\$1,084 million (31 December 2018: HK\$1,088 million) and was utilized to the extent of HK\$1,084 million (31 December 2018: HK\$1,088 million).
3. Guarantees given to a bank and an independent third party in connection with facilities granted to associates up to HK\$1,490 million (31 December 2018: HK\$1,500 million) and were utilized to the extent of HK\$1,490 million (31 December 2018: HK\$1,500 million).

Financing Activity

In June 2019, the Group completed a successful first time issue of 3-year guaranteed notes due 2022 which are listed on the Stock Exchange and raised a total of US\$250 million as general working capital with a coupon rate of 6.35% per annum. The proceed has not been used as at 30 June 2019.

Pledge of Assets

As at 30 June 2019, investment properties, bank deposits, and properties and equipments in the respective amount of HK\$14.3 billion, HK\$0.6 billion and HK\$78 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 rates 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 30 June 2019, no forward currency exchange contract has been executed by the Group.

Management Discussion and Analysis

EMPLOYEES

As at 30 June 2019, the Group, including its subsidiaries but excluding its joint ventures and associates, employed a total of 128 employees in Hong Kong, China and the United Kingdom for its principal business. Remuneration cost for the period (excluding directors' emoluments) amounted to approximately HK\$48 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 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 2019, no equity-settled share option expense was charged off to the consolidated statement of profit or loss.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30 June 2019, details of the interests and short positions of each of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Interests in shares of the Company (long positions)

Name of directors	Interests in shares		Interests in underlying shares pursuant to share options granted by the Company ²	Aggregate interests	Approximate percentage ³
	Personal interests	Corporate interests			
Cheung Chung Kiu	–	2,013,931,906 ¹	–	2,013,931,906	51.87
Lam How Mun Peter	486,753	–	25,911,869	26,398,622	0.68
Leung Chun Cheong	667,000	–	1,521,900	2,188,900	0.06
Leung Wai Fai	–	–	3,043,800	3,043,800	0.08

Notes:

- Of the 2,013,931,906 shares, 1,606,215,346 shares were held through Thrivetrade Limited ("Thrivetrade") and 407,716,560 shares were held through Fame Seeker Holdings Limited ("Fame Seeker"). Thrivetrade and Fame Seeker are companies wholly-owned by Mr. Cheung Chung Kiu ("Mr. Cheung"). Accordingly, Mr. Cheung was deemed to be interested in the same number of shares held through Thrivetrade and Fame Seeker.
- Details of the directors' interests in the underlying shares of the Company pursuant to share options granted by the Company are set out in the section headed "Share Options" below.
- Approximate percentage refers to the aggregate interests of a director in the shares of the Company expressed as a percentage (rounded to two decimal places) of the issued share capital of the Company as at 30 June 2019.

Save as disclosed above, as at 30 June 2019, the Company had not been notified of any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

The Company adopted a share option scheme on 29 April 2005 ("2005 Scheme"), which expired on 29 April 2015. Details of the 2005 Scheme were disclosed in the Company's circular dated 13 April 2005. Movements of the 2005 Scheme during the period from 1 January 2019 to 30 June 2019 were set out below:

Name or category of participants	Number of share options					At 30 June 2019	Date of grant ¹ (dd-mm-yyyy)	Exercise period (dd-mm-yyyy)	Exercise Price ² HK\$ per share	Closing price immediately before date of grant HK\$ per share
	At 1 January 2019	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period					
Directors										
Lam How Mun Peter	17,755,500	–	–	–	17,755,500	0	07-05-2009	07-05-2009 to 06-05-2019	3.2229	3.47
	21,853,469	–	–	–	–	21,853,469	03-09-2010	03-09-2010 to 02-09-2020	3.2624	3.19
	4,058,400	–	–	–	–	4,058,400	03-09-2010	01-01-2011 to 02-09-2020	3.2624	3.19
	43,667,369	–	–	–	17,755,500	25,911,869				
Leung Chun Cheong	1,521,900	–	–	–	–	1,521,900	03-09-2010	03-09-2010 to 02-09-2020	3.2624	3.19
Leung Wai Fai	3,043,800	–	–	–	–	3,043,800	03-09-2010	03-09-2010 to 02-09-2020	3.2624	3.19
	48,233,069	–	–	–	17,755,500	30,477,569				
Employees										
	10,247,460	–	–	–	–	10,247,460	03-09-2010	03-09-2010 to 02-09-2020	3.2624	3.19
	811,680	–	–	–	–	811,680	03-09-2010	01-01-2011 to 02-09-2020	3.2624	3.19
	11,059,140	–	–	–	–	11,059,140				
Others										
	4,870,080	–	–	–	–	4,870,080	03-09-2010	03-09-2010 to 02-09-2020	3.2624	3.19
Total	64,162,289	–	–	–	17,755,500	46,406,789				

Disclosure of Interests

Notes:

1. Certain share options granted are subject to a vesting period beginning from the date of grant until the commencement of the exercise period.
2. The number and the exercise price of the share options are subject to adjustment in case of any rights issues or bonus issues, or any other changes in the Company's share capital.

On 21 May 2015, the Company adopted a share option scheme ("2015 Scheme"), details of which were disclosed in the Company's circular dated 16 April 2015. No share options have been granted under the 2015 Scheme since its adoption and up to 30 June 2019.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 30 June 2019, details of the interests and short positions of every person, other than directors or the chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholders	Capacity in which interests are held	Number of shares held	Approximate percentage ⁴
Thrivetrade	Beneficial owner	1,606,215,346 ¹	41.37
Fame Seeker	Beneficial owner	407,716,560 ¹	10.50
Yugang International Limited ²	Interest of controlled corporation	292,195,559 ³	7.53
Future Capital Group Limited	Interest of controlled corporation	292,195,559 ³	7.53
Lo Ki Yan Karen	Interest of controlled corporation / Beneficial owner	345,331,059 ³	8.89

Notes:

1. Please refer to note 1 to the paragraph "Interests in shares of the Company (long positions)" of the section headed "Directors' and Chief Executive's Interests and Short Positions" above.
2. Yugang International Limited has by an announcement dated 19 July 2019 announced that its name has been changed to Planetree International Development Limited.
3. Of the 345,331,059 shares, 292,195,559 shares were held in the capacity as interest of controlled corporation and 53,135,500 shares as beneficial owner. The controlled corporations as disclosed were Future Capital Group Limited, Yugang International Limited, Yugang International (B.V.I.) Limited and Regulator Holdings Limited.
4. Approximate percentage refers to the aggregate interest which the shareholder held or had short positions in the shares of the Company expressed as a percentage (rounded to two decimal places) of the issued share capital of the Company as at 30 June 2019.
5. All of the interests disclosed above represent long positions.

Save as disclosed above, as at 30 June 2019, the Company had not been notified of any interests or short positions of any other person, other than directors or the chief executive of the Company, in the shares or underlying shares of the Company required to be recorded in the register kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE PRACTICES

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 2019.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code 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 2019.

UPDATE ON DIRECTORS' INFORMATION

Mr. Cheung Chung Kiu has since 30 April 2019 resigned as an executive director and the chairman of the board of directors of Planetree International Development Limited (formerly known as Yugang International Limited) ("Planetree"), the shares of which are listed on the Stock Exchange.

Mr. Leung Yu Ming Steven has also since 30 April 2019 resigned as an independent non-executive director of Planetree.

Mr. Lam Kin Fung Jeffrey has since 1 June 2019 ceased to be a Board Member of the Airport Authority Hong Kong. On 1 May 2018, Mr. Lam was appointed as an independent non-executive director of Analogue Holdings Limited, the shares of which have been listed on the Stock Exchange since 12 July 2019.

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 2019.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

The Group had provided financial assistance to, and guarantees for, affiliated companies in the aggregate amount of HK\$3,482,976,000, which represented approximately 12% of the Group's total assets as at 30 June 2019.

As at 30 June 2019, the financial assistance and guarantees made by the Group to its joint ventures and associates are as follows:

	Financial assistance HK\$'000	Guarantees HK\$'000
Excel Winner UK Limited	–	1,282,244
Fast Trend Investments Limited	37,058	1,020,938
Modern Crescent Limited	385,930	468,750
Ocean Beyond Investments Limited	206,681	–
Champion Maker Limited	81,375	–
	711,044	2,771,932

In accordance with the requirement under Rule 13.22 of the Listing Rules, the pro forma combined balance sheet of those affiliated companies as at 30 June 2019 is presented below:

	Combined balance sheet HK\$'000
Non-current assets	950,606
Current assets	14,056,659
Current liabilities	(4,552,410)
Non-current liabilities	(4,397,003)
Net assets	6,057,852
Share capital	10
Reserves	6,054,769
Non-controlling interests	3,073
Total equity	6,057,852

As at 30 June 2019, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$2,526,282,000.

Other Information

REVIEW OF INTERIM RESULTS

The Audit Committee has discussed with the management and independent auditors the accounting policies and practices adopted by the Group, and has reviewed the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2019.

APPRECIATION

On behalf of the Board, I would like to express our sincere appreciation to the Group's management and staff for their diligence, loyalty and dedication. We are also grateful to our shareholders, strategic partners and bankers for their support and trust which have contributed towards the Group's success.

By order of the Board

Lam How Mun Peter

Deputy Chairman & Managing Director

Hong Kong, 23 August 2019

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2019

	Notes	Six months ended 30 June	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
REVENUE			
Interest income	4	44,663	39,252
Revenue from other sources	4	234,351	266,119
Total revenue		279,014	305,371
Cost of sales		(5,817)	(1,128)
Gross profit		273,197	304,243
Other income and gains, net	4	130,717	90,591
Administrative expenses		(157,904)	(100,220)
Reversal of impairment losses on financial assets, net	5	9,502	–
Other expenses		(70,444)	(110,677)
Finance costs		(113,626)	(132,560)
Share of profits and losses of:			
Joint ventures		52,307	6,376
Associates		(20,375)	19,333
PROFIT BEFORE TAX	5	103,374	77,086
Income tax expense	6	(18,833)	(8,745)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		84,541	68,341
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted		HK2.18 cents	HK1.76 cents

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	84,541	68,341
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	18,732	(30,663)
Exchange differences:		
Release upon disposal of a subsidiary	19,660	–
Translation of foreign operations	(38,821)	(177,066)
Hedges of net investments in foreign operations		
– effective portion of changes in fair value of hedging instruments during the period	(63,516)	88,997
	(82,677)	(88,069)
Share of other comprehensive loss of joint ventures	(4,781)	(7,291)
Share of other comprehensive income/(loss) of associates	246	(408)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(68,480)	(126,431)
<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	(158,502)	227,123
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	(158,502)	227,123
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(226,982)	100,692
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	(142,441)	169,033

Consolidated Statement of Financial Position

30 June 2019

	Notes	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property and equipment	9	305,363	105,681
Investment properties		14,343,808	14,394,511
Golf club membership		10,540	10,540
Investments in joint ventures		2,673,824	2,736,999
Investments in associates		565,425	914,929
Financial assets at fair value through other comprehensive income		1,148,270	1,291,140
Financial assets at fair value through profit or loss		1,339,485	1,445,963
Prepayments, deposits and other receivables		260,921	280,808
Derivative financial instruments		8,138	72,394
Deferred tax assets		3,327	4,938
Total non-current assets		20,659,101	21,257,903
CURRENT ASSETS			
Trade receivables	10	5,045	5,679
Loans and interest receivables	11	463,749	570,677
Prepayments, deposits and other receivables		383,545	92,523
Financial assets at fair value through other comprehensive income		79,922	76,822
Financial assets at fair value through profit or loss		266,165	191,995
Derivative financial instruments		–	56,540
Prepaid income tax		2,030	3,565
Deposits with brokerage companies		6,479	11,238
Pledged deposits		594,090	1,327,500
Restricted bank balances		78,679	142,907
Cash and cash equivalents		6,774,150	4,701,508
Total current assets		8,653,854	7,180,954
CURRENT LIABILITIES			
Other payables and accruals		320,672	514,500
Interest-bearing bank borrowings	12	1,663,267	2,288,458
Tax payable		782,166	764,300
Total current liabilities		2,766,105	3,567,258
NET CURRENT ASSETS		5,887,749	3,613,696
TOTAL ASSETS LESS CURRENT LIABILITIES		26,546,850	24,871,599
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	12	7,676,199	7,728,486
Notes payable	13	1,919,805	–
Other payables		30,133	–
Deferred tax liabilities		17,311	19,623
Total non-current liabilities		9,643,448	7,748,109
Net assets		16,903,402	17,123,490
EQUITY			
Issued capital	14	388,233	388,233
Reserves		16,515,169	16,735,257
Total equity		16,903,402	17,123,490

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Attributable to equity owners of the Company							Total equity (Unaudited) HK\$'000
	Issued capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Fair value reserve (recycling) (Unaudited) HK\$'000	Fair value reserve (non-recycling) (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	
	At 1 January 2019	388,233	11,977,078	(167,262)	(22,071)	734,924	4,047,316	
Profit for the period	-	-	-	-	-	84,541	-	84,541
Other comprehensive income/(loss) for the period:								
Financial assets at fair value through other comprehensive income:								
Changes in fair value	-	-	-	18,732	(158,502)	-	-	(139,770)
Share of other comprehensive loss of joint ventures	-	-	(4,781)	-	-	-	-	(4,781)
Share of other comprehensive income of associates	-	-	246	-	-	-	-	246
Release of exchange fluctuation reserve upon disposal of a subsidiary (note 16)	-	-	19,660	-	-	-	-	19,660
Exchange differences:								
Translation of foreign operations	-	-	(38,821)	-	-	-	-	(38,821)
Hedge of net investments in foreign operations – effective portion of changes in fair value of hedging instruments during the period	-	-	(63,516)	-	-	-	-	(63,516)
Total comprehensive income/(loss) for the period	-	-	(87,212)	18,732	(158,502)	84,541	-	(142,441)
Final 2018 dividend approved	-	-	-	-	-	(77,647)	-	(77,647)
Forfeiture of share options	-	-	-	-	-	26,024	(26,024)	-
At 30 June 2019	388,233	11,977,078*	(254,474)*	(3,339)*	576,422*	4,080,234*	139,248*	16,903,402

* These reserve accounts comprise the consolidated reserves of HK\$16,515,169,000 (31 December 2018: HK\$16,735,257,000) in the consolidated statement of financial position.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Attributable to equity owners of the Company							Total equity (Unaudited) HK\$'000
	Issued capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Fair value reserve (recycling) (Unaudited) HK\$'000	Fair value reserve (non-recycling) (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	
At 1 January 2018	388,233	11,977,078	98,303	11,593	267,137	3,933,333	165,272	16,840,949
Profit for the period	-	-	-	-	-	68,341	-	68,341
Other comprehensive income/(loss) for the period:								
Financial assets at fair value through other comprehensive income:								
Changes in fair value	-	-	-	(30,663)	227,123	-	-	196,460
Share of other comprehensive loss of joint ventures	-	-	(7,291)	-	-	-	-	(7,291)
Share of other comprehensive loss of associates	-	-	(408)	-	-	-	-	(408)
Exchange differences:								
Translation of foreign operations	-	-	(177,066)	-	-	-	-	(177,066)
Hedge of net investments in foreign operations – effective portion of changes in fair value of hedging instruments during the period	-	-	88,997	-	-	-	-	88,997
Total comprehensive income/(loss) for the period	-	-	(95,768)	(30,663)	227,123	68,341	-	169,033
Final 2017 dividend approved	-	-	-	-	-	(77,647)	-	(77,647)
Reclassification adjustment for a gain on disposal of financial assets at fair value through other comprehensive income	-	-	-	-	(20,531)	20,531	-	-
At 30 June 2018	388,233	11,977,078	2,535	(19,070)	473,729	3,944,558	165,272	16,932,335

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	Notes	Six months ended 30 June	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations		141,633	(1,078,069)
Interest received		42,689	16,173
Dividend received		526	15,454
Tax refund/(paid), net		102	(93,070)
Interest paid		(95,360)	(123,548)
Net cash flows from/(used in) operating activities		89,590	(1,263,060)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of subsidiaries that are not a business	15	(73,785)	–
Purchases of financial assets at fair value through profit or loss		–	(274,747)
Proceed from disposal of financial asset at fair value through other comprehensive income		–	313,104
Proceed from disposal of financial assets at fair value through profit or loss		138,603	38,981
Decrease/(increase) in pledged deposits		733,410	(127,475)
Return of capital from/(investment in) joint ventures, net		30,945	(583,648)
Investment in associates, net		(4,680)	(187,500)
Interest received from bank deposits		25,505	18,566
Deposits paid for acquisition of associates		–	(582,725)
Other cash flows used in investing activities		(4,692)	(1,250)
Net cash flows from/(used in) investing activities		845,306	(1,386,694)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceed from issue of notes payable	13	1,919,392	–
Dividends paid	7	(77,647)	(77,647)
New bank borrowings		1,564,437	5,632,292
Repayment of bank borrowings		(2,259,077)	(4,680,045)
Principal portion of lease payments		(7,907)	–
Net cash flows from financing activities		1,139,198	874,600
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		2,074,094	(1,775,154)
Cash and cash equivalents at beginning of period		4,701,508	4,719,984
Effect of foreign exchange rate changes, net		(1,452)	(7,832)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		6,774,150	2,936,998
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		5,265,950	2,936,998
Non-pledged time deposits with original maturity of less than three months when acquired		1,508,200	–
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows		6,774,150	2,936,998

1. BASIS OF PREPARATION

C C Land Holdings Limited (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 Company and its subsidiaries (collectively referred to as the “Group”) are described in note 3 to the condensed consolidated financial statements.

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 2018.

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 2018, 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 to the condensed consolidated financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements 2015-2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 *Leases*, Amendments to HKAS 28 *Long-term Interests in Associates and Joint Ventures* and HK(IFRIC)-Int 23 *Uncertainty over Income Tax Treatments*, the new and revised standards are not relevant to the preparation of the Group’s interim condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

- (a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the adjustments arising from the initial adoption recognised in the opening balances of the statement of financial position as at 1 January 2019. The comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components as a single lease component.

Notes to Condensed Consolidated Financial Statements

30 June 2019

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) (continued)

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of property. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in other payables and accruals.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets as part of the elements of property and equipment in the statement of financial position. The right-of-use assets also include the leasehold land recognised previously under finance leases of HK\$86,042,000 that were reclassified from land and buildings.

The Group has applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application when applying HKFRS 16 at 1 January 2019.

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	Increase/(decrease) HK\$'000 (Unaudited)
Assets	
Increase in property and equipment	57,246
Decrease in prepayments, deposits and other receivables	(2,870)
Increase in total assets	54,376
Liabilities	
Increase in other payables and accruals	54,376

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	HK\$'000 (Unaudited)
Operating lease commitments as at 31 December 2018	
Weighted average incremental borrowing rate as at 1 January 2019	4.02%
Discounted operating lease commitments as at 1 January 2019	55,541
Less: Commitments relating to short-term leases and those leases with remaining lease terms ending on or before 31 December 2019	(1,165)
Lease liabilities as at 1 January 2019	54,376

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(a) *(continued)*

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

- (b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The amendments did not have any significant impact on the Group's interim condensed consolidated financial information.
- (c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

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

Notes to Condensed Consolidated Financial Statements

30 June 2019

3. OPERATING SEGMENT INFORMATION

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit before tax except that finance costs 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 (Unaudited)					
	Property development and investment		Treasury investment		Total	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Segment revenue						
Revenue from external customers	239,864	251,283	39,150	54,088	279,014	305,371
Segment results	193,263	304,288	66,572	(67,045)	259,835	237,243
Corporate and unallocated expenses					(42,835)	(27,597)
Finance costs					(113,626)	(132,560)
Profit before tax					103,374	77,086

Notes to Condensed Consolidated Financial Statements

30 June 2019

4. REVENUE, OTHER INCOME AND GAINS, NET

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

Note	Six months ended 30 June 2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Revenue		
<i>Interest income</i>		
Interest income from debt investments	23,711	8,614
Interest income from loans receivable	20,952	30,638
	44,663	39,252
<i>Revenue from other sources</i>		
Gross rental income	239,864	251,283
Losses on disposal of financial assets at fair value through profit or loss, net	(6,039)	(618)
Dividend income from listed equity investments	526	6,859
Dividend income from unlisted fund investments	–	8,595
	234,351	266,119
	279,014	305,371
Other income and gains, net		
Bank interest income	25,505	18,566
Fair value gains on derivative financial instruments	–	43,423
Fair value gain on an investment property	34,242	27,717
Fair value gains on financial assets at fair value through profit or loss, net	42,006	–
Gain on disposal of financial asset at fair value through profit or loss	615	–
Gain on disposal of a subsidiary	28,041	–
Others	308	885
	130,717	90,591

5. PROFIT BEFORE TAX

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

	Six months ended 30 June 2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Depreciation	21,882	1,744
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	(42,006)	98,764
Fair value losses/(gains) on derivative financial instruments	65,022	(43,423)
Loss on disposal of items of property and equipment	134	39
Foreign exchange differences, net	5,288	10,865
Reversal of impairment of loans and interest receivables, net	(9,502)	–
Employee benefit expense (including directors' remuneration):		
Wages and salaries	63,783	57,653
Pension scheme contributions	2,740	2,693
	66,523	60,346

Notes to Condensed Consolidated Financial Statements

30 June 2019

6. INCOME TAX

Hong Kong profits tax had been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the periods ended 30 June 2019 and 30 June 2018. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

UK tax reform enacted on 17 February 2019 and effective from 5 April 2019 extended the scope of UK's taxation of gains accruing to non-UK residents to include gains on disposals of interests in non-residential UK properties. Properties will be rebased to market value at 5 April 2019 and any gain arising from sales of property between 6 April 2019 and 31 March 2020 would be subject to corporation tax rate at 19% and from 1 April 2020 onwards would be subject to a corporation tax rate of 17%. Accordingly, deferred tax would be recognised on fair value gain from revaluation of investment properties in the UK after 5 April 2019 at a tax rate of 17%. Fair value of the investment properties in the UK did not change materially between 5 April 2019 and 30 June 2019 and therefore no deferred tax regarding this was recognised for the six months ended 30 June 2019.

	Six months ended 30 June 2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Current charge for the period		
Hong Kong	4,563	3,057
Mainland China	8,342	709
United Kingdom	6,394	4,957
Underprovision in prior periods		
Mainland China	296	22
Deferred tax	(762)	–
Total tax charge for the period	18,833	8,745

7. DIVIDENDS

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.

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

During the six months ended 30 June 2018, 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 2017 which was paid on 8 June 2018.

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

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

No adjustment has been made to the basic earnings per share presented for the six months ended 30 June 2019 and 2018 in respect of a dilution as the share options outstanding had no dilutive effect on the basic earnings per share presented.

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

	Six months ended 30 June 2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	84,541	68,341
	Number of shares Six months ended 30 June 2019	2018
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	3,882,334,668	3,882,334,668

Notes to Condensed Consolidated Financial Statements

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9. ADDITIONS TO PROPERTY AND EQUIPMENT

During the six months ended 30 June 2019, the Group incurred HK\$164,822,000 (six months ended 30 June 2018: HK\$979,000) on the additions of items of property and equipment, including amount of HK\$145,446,000 (six months ended 30 June 2018: Nil) acquired through acquisition of subsidiaries that are not a business as disclosed in note 15 to the condensed consolidated financial statements.

10. TRADE RECEIVABLES

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Trade receivables	5,045	5,679

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 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Within 1 month	2,299	1,225
1 to 2 months	2,613	4,454
2 to 3 months	133	-
	5,045	5,679

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 three 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 loss of these rental receivables is minimal.

11. LOANS AND INTEREST RECEIVABLES

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Loans receivable		
Secured	40,000	40,000
Unsecured	432,860	540,000
	472,860	580,000
Less: Impairment allowance	(20,164)	(29,666)
	452,696	550,334
Interest receivable	11,053	20,343
	463,749	570,677

The Group's loans receivable are stated at amortised cost and bear fixed interest rates. The credit terms of these loans receivable range from 1 month to 12 months.

As at 30 June 2019, the Group's loans receivable amounted to HK\$40,000,000 (31 December 2018: HK\$40,000,000) and HK\$300,000,000 (31 December 2018: HK\$350,000,000) were secured by certain antiques and guaranteed by a shareholder of the borrower, respectively. The market values of the collaterals held by the Group are not readily determinable or cannot be reasonably established and verified.

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.

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11. LOANS AND INTEREST RECEIVABLES (continued)

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

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
At the beginning of the period/year	29,666	5,748
Impairment losses, net		
Loans repaid/derecognised	(2,053)	(2,064)
Changes in risk parameters	(7,449)	–
New loans granted	–	25,982
	(9,502)	23,918
At the end of the period/year	20,164	29,666

As at 30 June 2019, none of the loans and interest receivables were overdue (31 December 2018: Nil). 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 2019, the probability of default applied ranged from 6.97% to 14.02% (31 December 2018: 2.48% to 27.32%) and the loss given default was estimated to be approximately 52% (31 December 2018: 52%).

12. INTEREST-BEARING BANK BORROWINGS

	30 June 2019 (Unaudited)			31 December 2018 (Audited)		
	Contractual interest rate	Maturity	HK\$'000	Contractual interest rate	Maturity	HK\$'000
Current						
Bank loans – secured	LIBOR+0.5%	On demand	1,564,437	LIBOR+0.45%, LIBOR+0.5% & HIBOR+1.5%	On demand	2,187,412
Long term bank loans repayable on demand – secured	HIBOR+1%	On demand	33,250	HIBOR+1%	On demand	35,000
Current portion of long term bank loans – secured	LIBOR+1.35%	2019 to 2020	65,580	LIBOR+1.35%	2019	66,046
			<u>1,663,267</u>			<u>2,288,458</u>
Non-current						
Bank loans – secured	LIBOR+1.35% & LIBOR+1.5%	2020 to 2022	7,676,199	LIBOR+1.35% & LIBOR+1.5%	2020 to 2022	7,728,486
			<u>9,339,466</u>			<u>10,016,944</u>
Analysed into:						
Bank loans repayable:						
On demand (Note a)			1,597,687			2,222,412
Within one year			65,580			66,046
In the second year			65,687			66,130
In the third to fifth years, inclusive			<u>7,610,512</u>			<u>7,662,356</u>
			<u>9,339,466</u>			<u>10,016,944</u>

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12. INTEREST-BEARING BANK BORROWINGS (continued)

Notes:

- (a) The Group's term loans with an aggregate amount of HK\$1,597,687,000 (31 December 2018: HK\$2,222,412,000) containing an on-demand clause have been classified as current liabilities and analysed into bank loans repayable on demand in the above analysis.

At the end of the reporting period, the maturity profile of interest-bearing bank borrowings based on the scheduled repayment dates set out in the loan agreements is as follows:

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Bank borrowings repayable:		
Within one year	1,635,267	2,256,958
In the second year	76,187	74,880
In the third to fifth years, inclusive	7,628,012	7,685,106
	9,339,466	10,016,944

- (b) Certain of the Group's bank borrowings are secured by certain of the Group's assets with aggregate carrying amounts as listed below:

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Property and equipment	78,307	79,776
Investment properties	14,343,808	14,394,511
Pledged deposits	594,090	1,327,500

- (c) As at 30 June 2019 and 31 December 2018, all bank borrowings bear interest at floating interest rates.

- (d) The carrying amounts of the Group's bank borrowings which are denominated in the following currencies are as follows:

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
HK\$	33,250	1,035,000
GBP	9,306,216	8,981,944
	9,339,466	10,016,944

- (e) The Group's bank borrowings of HK\$8,712,126,000 (31 December 2018: HK\$8,794,532,000) are secured by pledges over the equity interests of certain subsidiaries of the Group.

- (f) As at 31 December 2018, the Group's bank borrowings denominated in GBP in an aggregate amount of HK\$1,058,237,000 (30 June 2019: Nil) were designated as hedges of the net investments in certain subsidiaries and a joint venture in the United Kingdom. Further details of the hedges of the net investments are set out in note 22 to the condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements

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13. NOTES PAYABLE

	As at 30 June 2019			
	Principal at original currency	Contractual interest rate (%) per annum	Maturity	HK\$'000
2019 Notes	USD250,000,000	6.35	2022	1,919,805

In June 2019, the Group issued guaranteed notes at coupon rate of 6.35% with aggregate principal amounts of US\$250,000,000 (equivalent to HK\$1,937,500,000), which are listed on the Stock Exchange (the "2019 Notes"). The net proceeds, after deducting the issuance expenses, amounted to HK\$1,919,392,000. The 2019 Notes will mature in June 2022.

The Group, at its option, can redeem the 2019 Notes in whole, but not in part, at any time prior to the maturity date at the redemption prices (principal amount) plus accrued and unpaid interest up to the redemption date, as set forth in the written agreement between the Company and the trustees of the 2019 Notes.

At 30 June 2019, the fair value for the 2019 Notes amounted to HK\$1,937,500,000. The fair value of the 2019 Notes is based on price quotation from financial institution at the reporting date.

14. SHARE CAPITAL

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Authorised:		
20,000,000,000 (31 December 2018: 5,000,000,000) ordinary shares of HK\$0.10 (31 December 2018: HK\$0.10) each	2,000,000	500,000
Issued and fully paid:		
3,882,334,668 (31 December 2018: 3,882,334,668) ordinary shares of HK\$0.10 (31 December 2018: HK\$0.10) each	388,233	388,233

15. ACQUISITION OF SUBSIDIARIES THAT ARE NOT A BUSINESS

For the six months ended 30 June 2019

In April 2019, the Group acquired the 50% equity interest in each of Sun Vessel Global Limited ("Sun Vessel"), Oceanic Front Limited ("Oceanic Front") and Fancy Style Investments Limited ("Fancy Style") (collectively the "Acquired Subsidiaries") from those joint venture partners of Acquired Subsidiaries at a total cash consideration of HK\$80,088,000 and the Acquired Subsidiaries became wholly owned subsidiaries of the Group. The results of the Acquired Subsidiaries are consolidated into the Group's financial statements commencing from the acquisition date.

Sun Vessel, Oceanic Front and Fancy Style are principally engaged in vessel investment, yacht investment and vessel management, respectively and as at the date of acquisition, the Acquired Subsidiaries did not carry out any significant business transaction other than holding the relevant assets.

The above acquisitions have been accounted for by the Group as an acquisition of assets as the Acquired Subsidiaries do not constitute a business.

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15. ACQUISITION OF SUBSIDIARIES THAT ARE NOT A BUSINESS (continued)

For the six months ended 30 June 2019 (continued)

The net assets acquired by the Group in the above transactions are as follows:

	Sun Vessel HK\$'000	Oceanic Front HK\$'000	Fancy Style HK\$'000	Total HK\$'000
Net assets acquired:				
Property and equipment	142,448	2,998	–	145,446
Prepayments, deposits and other receivables	1,437	–	8,509	9,946
Cash and cash equivalents	–	–	6,303	6,303
Other payables and accruals	(433)	(220)	(1,198)	(1,851)
	143,452	2,778	13,614	159,844
Satisfied by:				
Cash	71,892	1,389	6,807	80,088
Pre-existing interest in the Acquired Subsidiaries at the date of acquisition	71,560	1,389	6,807	79,756
	143,452	2,778	13,614	159,844

An analysis of the cash flows in respect of the acquisition of Acquired Subsidiaries is as follows:

	Sun Vessel HK\$'000	Oceanic Front HK\$'000	Fancy Style HK\$'000	Total HK\$'000
Cash consideration	(71,892)	(1,389)	(6,807)	(80,088)
Cash and cash equivalents acquired	–	–	6,303	6,303
Net outflow of cash and cash equivalents included in cash flows from investing activities	(71,892)	(1,389)	(504)	(73,785)

16. DISPOSAL OF A SUBSIDIARY

For the six months ended 30 June 2019

In June 2019, the Group entered into a sale and purchase agreement to dispose of its entire 100% equity interest in Million Intelligence Limited (“Million Intelligence”, together with its sole subsidiary, the “Million Intelligence Group”) to an independent third party for a consideration of RMB291,100,000 (equivalent to HK\$330,923,000). The disposal of the Million Intelligence Group was completed on 28 June 2019.

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16. DISPOSAL OF A SUBSIDIARY (continued)

For the six months ended 30 June 2019 (continued)

Details of the net assets of the Million Intelligence Group disposed of and their financial impacts are summarised below:

	Note	HK\$'000
Net assets disposed of:		
Investment in an associate		334,055
Cash and cash equivalents		59
Other payables and accruals		(50,892)
		283,222
Exchange fluctuation reserve released upon disposal		19,660
Gain on disposal of a subsidiary	4	28,041
Satisfied by cash		330,923

An analysis of the net outflow of cash and cash equivalents for the period in respect of the disposal of the Million Intelligence Group is as follows:

	HK\$'000
Cash consideration	330,923
Consideration receivable	(330,923)
Cash and cash equivalents disposed of	(59)
Net outflow of cash and cash equivalents in respect of disposal of the Million Intelligence Group	(59)

17. COMMITMENTS

The Group had the following commitments at the end of the reporting period:

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Contracted, but not provided for:		
Property and equipment	–	7,458
Investment in an unlisted fund investment	–	282,090
Capital contributions payable to a joint venture	1,226,303	1,230,638
	1,226,303	1,520,186

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above is as follows:

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Contracted, but not provided for	491,161	3,551,455

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18. SHARE-BASED PAYMENTS

The following share options were outstanding during the period:

Date of grant of share options [*]	Number of share options					At 30 June 2019	Exercise period of share options	Exercise price of share options [#] HK\$ per share
	At 1 January 2019	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period			
07-05-2009	17,755,500	-	-	-	(17,755,500)	-	07-05-2009 to 06-05-2019	3.2229
03-09-2010	41,536,709	-	-	-	-	41,536,709	03-09-2010 to 02-09-2020	3.2624
03-09-2010	4,870,080	-	-	-	-	4,870,080	01-01-2011 to 02-09-2020	3.2624
	64,162,289	-	-	-	(17,755,500)	46,406,789		

Notes:

- * The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- # The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

No share option expense was recognised by the Group during the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

19. CONTINGENT LIABILITIES

- (a) As at 30 June 2019, the Group has given a guarantee to the vendor in connection with the acquisition of a freehold land held by a joint venture amounted to HK\$198,030,000 (31 December 2018: HK\$248,413,000).
- (b) As at 30 June 2019, the Group has given a guarantee to a bank in connection with a facility granted to a joint venture up to HK\$1,084,214,000 (31 December 2018: HK\$1,088,047,000), and the related banking facility was utilised to the extent of HK\$1,084,214,000 (31 December 2018: HK\$1,088,047,000).
- (c) As at 30 June 2019, the Group has given guarantees to a bank and an independent third party in connection with facilities granted to associates up to HK\$1,489,688,000 (31 December 2018: HK\$1,500,000,000), and the related facilities were utilised to the extent of HK\$1,489,688,000 (31 December 2018: HK\$1,500,000,000).

20. PLEDGE OF ASSETS

Details of the Group's bank loans which are secured by the assets of the Group, are included in note 12 to the condensed consolidated financial statements.

21. RELATED PARTY TRANSACTIONS

- (a) Outstanding balances with related parties:

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Due to joint ventures	129,788	301,809

- (b) As at 30 June 2019, the Group has given guarantees to (i) a vendor in connection with the acquisition of a freehold land held by a joint venture; (ii) banks in connection with banking facilities granted to a joint venture and an associate; and (iii) an independent third party in connection with a loan facility granted to an associate. Further details of these guarantees are given in note 19 to the condensed consolidated financial statements. The Group did not recognise any liabilities in respect of such financial guarantees as the directors of the Company consider that the fair values of these financial guarantee contracts at their initial recognition and at the end of the reporting period are insignificant.

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21. RELATED PARTY TRANSACTIONS (continued)

(c) Compensation of key management personnel of the Group:

	Six months ended 30 June 2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Short term employee benefits	17,868	19,505
Post-employment benefits	617	699
Total compensation paid to key management personnel	18,485	20,204

22. FAIR VALUE MEASUREMENT

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted bank balances, time deposits with original maturity over three months, deposits with brokerage companies, trade receivables, financial assets included in prepayments, deposits and other receivables, loans and interest receivables, current portion of financial liabilities included in other payables and accruals and the current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the directors is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The financial controller reports directly to the directors and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the directors. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank borrowings, notes payable and non-current portion of financial liabilities included in other payables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings, notes payable and financial liabilities included in other payables as at 30 June 2019 and 31 December 2018 was assessed to be insignificant. Management has assessed that the fair value of the non-current portion of interest-bearing bank borrowings, notes payable and financial liabilities included in other payables approximate to its carrying amount.

The fair values of listed equity investments and debt investments are based on quoted market prices. For the rest of the financial assets at fair value through profit or loss, their fair values are derived from the net asset value per share of the investments or latest transaction prices. The directors believe that the estimated fair values which are recorded in the consolidated statement of financial position with net changes in fair value recognised in the statement of profit or loss are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with credit ratings ranging from A+ to AA-. Derivative financial instruments, including forward currency contracts and interest rate swaps, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts and interest rate swaps are the same as their fair values.

As at 30 June 2019 and 31 December 2018, the marked to market value of the derivative asset position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

22. FAIR VALUE MEASUREMENT *(continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
	As at 30 June 2019 (Unaudited)			
Financial assets at fair value through other comprehensive income:				
Listed equity investments	773,083	–	–	773,083
Debt investments	–	455,109	–	455,109
Financial assets at fair value through profit or loss:				
Listed equity investments	220,859	–	–	220,859
Unlisted fund investments	–	1,339,485	–	1,339,485
Debt investment	–	45,306	–	45,306
Derivative financial instruments	–	8,138	–	8,138
	993,942	1,848,038	–	2,841,980
As at 31 December 2018 (Audited)				
Financial assets at fair value through other comprehensive income:				
Listed equity investments	931,585	–	–	931,585
Debt investments	–	436,377	–	436,377
Financial assets at fair value through profit or loss:				
Listed equity investments	191,995	–	–	191,995
Unlisted fund investments	–	1,445,963	–	1,445,963
Derivative financial instruments	56,540	72,394	–	128,934
	1,180,120	1,954,734	–	3,134,854

There was no liability measured at fair value as at 30 June 2019 and 31 December 2018.

During the six months ended 30 June 2019, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2018: Nil).

The aggregate carrying amount of the Group's net investments in subsidiaries and a joint venture as at 30 June 2019 in the United Kingdom was HK\$8,292,263,000 (31 December 2018: HK\$8,382,237,000). The extent of the Group's net investments in subsidiaries and a joint venture as at 30 June 2019 in the United Kingdom hedged by hedging instruments was nil (31 December 2018: HK\$3,194,585,000). Foreign exchange gains of the net investments in subsidiaries and a joint venture used as the basis for recognising hedge ineffectiveness for the period was HK\$63,516,000 (six months ended 30 June 2018: fair value losses of HK\$88,997,000) and was recognised in the Group's other comprehensive income for the period and accumulated in the exchange fluctuation reserve in equity. As at 30 June 2019, foreign exchange gains of HK\$372,100,000 (31 December 2018: HK\$308,584,000) on translation of the net investments in subsidiaries and a joint venture was accumulated in the exchange fluctuation reserve in equity.

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22. FAIR VALUE MEASUREMENT *(continued)*

Fair value hierarchy *(continued)*

The carrying amount of the GBP denominated bank borrowings and the fair value gain of the forward currency contracts as at 30 June 2019 that are designated as hedges of the Group's net investments in subsidiaries and a joint venture in the United Kingdom were nil (31 December 2018: HK\$1,058,237,000) and nil (31 December 2018: fair value gain of HK\$56,540,000), respectively. A total foreign exchange loss of HK\$18,756,000 (six months ended 30 June 2018: foreign exchange gain of HK\$45,391,000) on translation of the bank borrowings to HK\$ and a fair value loss of HK\$44,760,000 (six months ended 30 June 2018: fair value gain of HK\$43,606,000) on forward currency contracts were recognised in the Group's other comprehensive income for the period and accumulated in the exchange fluctuation reserve in equity. As at 30 June 2019, foreign exchange losses of HK\$365,569,000 (31 December 2018: foreign exchange losses of HK\$346,813,000) on translation of the bank borrowings to HK\$ and fair value losses of HK\$6,531,000 (31 December 2018: fair value gains of HK\$38,229,000) on forward currency contract were accumulated in the exchange fluctuation reserve in equity.

23. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited interim condensed consolidated financial statements were approved by the board of directors on 23 August 2019.